



BHUSHAN

**OUR
GAME
CHANGER**

**THE
STEEL EDGE**

BHUSHAN STEEL LIMITED
ANNUAL REPORT 2010-11

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GETTING THE STEEL-EDGE IS A BIG GAME CHANGER

Steel is a vital pre-requisite for growth of all hues – economic, civic, strategic, and even social. In Indian context, steel is slated to precede and succeed its aspired economic growth. The scaling-up of core infrastructure sectors like transport, logistics and power would need more and more steel. The social impact of economic growth on enhanced lifestyle of people would continue to drive the demand for passenger automobile, housing units, consumer durables, etc. Precisely, India would consume more steel in this decade than it had consumed in any of the recent decades.

At Bhushan Steel, we have enjoyed a dominant market-share in the value-added steel amongst automobile and consumer durable segments for nearly two decades. We have earned an unmatched reputation for reliability and quality. In order to further strengthen our value proposition, we envisioned and rigourously executed our foray into primary steel segment in the decade gone by.

BY COMMISSIONING AND STABILISING OUR STATE-OF-THE-ART INTEGRATED STEEL & POWER PLANT AT ORISSA, WITH HOT STRIP MILL, CONARC FURNACE, COKE OVEN AND BLAST FURNACE, WE ACQUIRED THE STEEL-EDGE. THIS FEAT WAS ACHIEVED IN THE SHORTEST POSSIBLE TIME. GOING FORWARD, THIS WOULD FURTHER IMPROVE THE QUALITY OF OUR VALUE-ADDED STEEL AND ENHANCE OUR PROFITABILITY. THE NEW FOUND STEEL-EDGE WILL ALSO INSULATE OUR SECONDARY STEEL MANUFACTURING PLANTS AT SAHIBABAD AND KHOPOLI FROM THE INCONSISTENCIES IN RAW MATERIAL AVAILABILITY AND ENHANCE OUR JUST-IN-TIME DELIVERY PROPOSITION.

At Bhushan Steel, getting this steel-edge is the beginning of a new era of self-reliance. The steel-edge is a big game-changer for us.

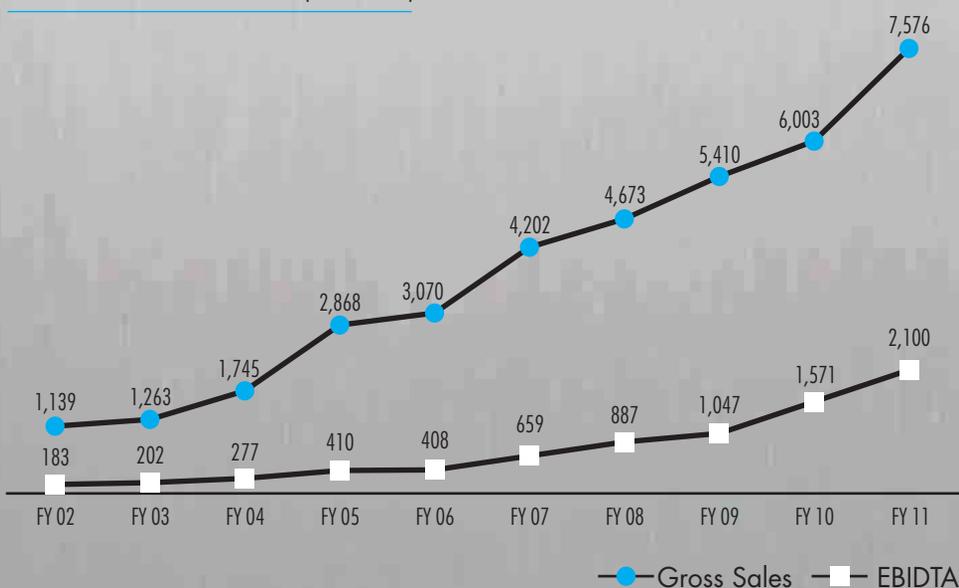
PERFORMANCE AT A GLANCE

10 YEARS' FINANCIAL SUMMARY

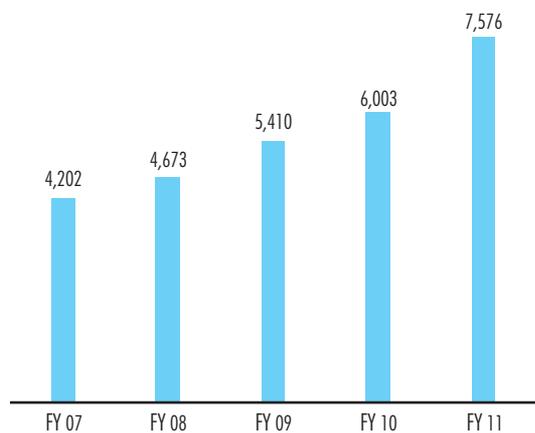
(₹ in crores)

Particulars	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Gross Sales	1,139	1,263	1,745	2,868	3,070	4,202	4,673	5,410	6,003	7,576
EBIDTA	183	202	277	410	408	659	887	1,047	1,571	2,100
Net Profit	40	55	90	153	154	313	424	421	846	1,005
Net Worth	533	573	664	805	960	1,338	2,022	2,781	4,421	6,695
Gross Block (Including CWIP)	989	1,302	1,529	2,044	3,091	4,586	7,495	10,682	14,795	21,818

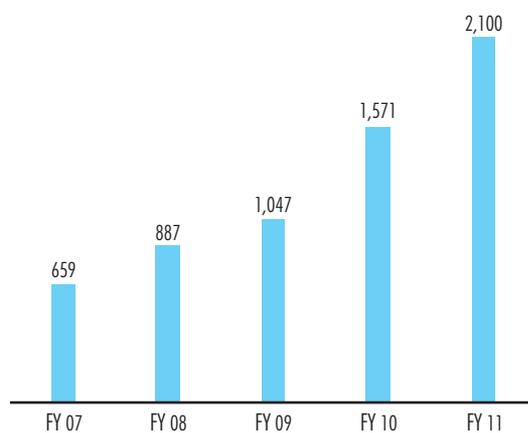
GROSS SALES & EBIDTA (₹ in crores)



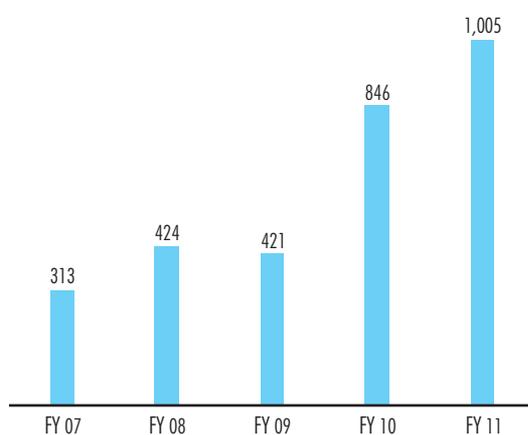
GROSS SALES (₹ in crores)



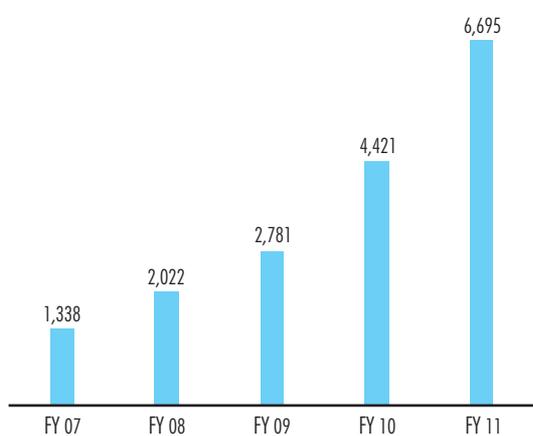
EBITDA (₹ in crores)



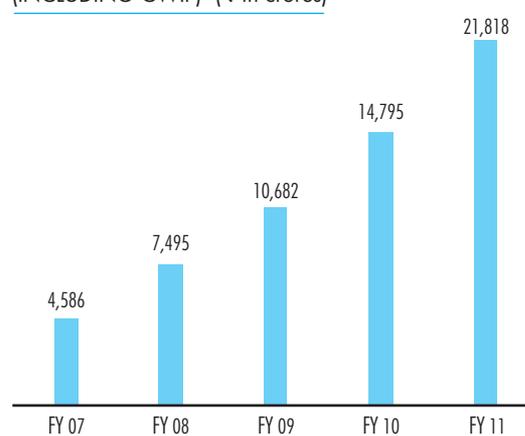
NET PROFIT (₹ in crores)



NET WORTH (₹ in crores)



GROSS BLOCK
(INCLUDING CWIP) (₹ in crores)





The decade holds special significance for our successful foray into the primary steel segment. As a company with no prior exposure to steelmaking, there were few who took us seriously when we ventured on this path. Defying many myths, we meticulously planned and rigourously executed our dream vision in a record time of less than five years.

CHAIRMAN'S MESSAGE

Dear Shareholders,

The decade gone by will get recorded in golden letters in the history of your Company. It was in this decade that we stepped out of Sahibabad in north India and established our second steel-processing plant at Khopoli in Maharashtra; launched pioneering products like Galume and Colour-coated sheets; and went on to become the most-preferred supplier of high-quality processed-steel for most of the automobile and consumer durable manufacturers in India.

The decade holds special significance for our successful foray into the primary steel segment. As a company with no prior exposure to steelmaking, there were few who took us seriously when we ventured on this path. Defying many myths, we meticulously planned and rigourously executed our dream vision in a record time of less than five years.

The meteoric rise of your Company in the first decade of this century is well reflected in the comparative numbers on either side of the period. From ₹956 crores in FY 2000 to ₹7576 crores in FY 11, our gross revenues have grown at a CAGR of 21% through this decade. Our net profit has grown at a CAGR of over 33% to reach ₹1005 crores in FY 11 from ₹45 crores in FY 2000. Our market capitalisation reached ₹9298 crores as on 31st March 2011 from ₹80 crores as on 31st March 2000.

India's growth prospects over long-term appear most promising amongst major economies of the world.

What India has delivered in the last decade is just an indication of what is going to unfold over coming decades. And that puts your company's prospects in the right perspective – at the right place, at the right time, with the right offerings. Once we complete all our ongoing and proposed expansions in primary and secondary steel segments along with those on captive mining and power generation fronts; we shall certainly witness multiplier growth in our revenues, profitability, and subsequently the valuation.

I feel privileged to guide the company through such an exciting transformation. Our teams has shown tremendous commitment and resolve in executing the expansion plans with audacity and perfection. I would like to place on record my sincere appreciation to the efforts and contributions made by our employees and thank our shareholders, lenders, customers, suppliers, and community for their continued trust and confidence in our capabilities.

As we move forward to unlock the true potential of our investments, I invite each one of you to accompany us in our onward march to progress.

With warm regards,

B. B. Singal
Chairman



Neeraj Singal
Vice Chairman & Managing Director

Fiscal year 2010-11 was a year of all round growth for Bhushan Steel. Recording an impressive growth of over 26%, our gross revenues reached ₹7576 crores in FY 11 from ₹6003 crores in the previous year.

SESSION WITH THE MANAGING DIRECTOR

How do you view Company's performance in FY 11?

Fiscal year 2010-11 was a year of all round growth for Bhushan Steel. Recording an impressive growth of over 26%, our gross revenues reached ₹7576 crores in FY 11 from ₹6003 crores in the previous year. Our EBITDA grew by 34% to reach ₹2100 crores in FY 11.

On operational front, we did stabilise the production of Hot Rolled Coils at the newly commissioned HR Mill. This, in my view, did mark our true arrival on the crude steel production map of India. Development and Construction work on the 3rd phase of our expansion is progressing as envisaged. Overall progress is going as per schedule.

How critical is resource integration for the Company and how are you going to address it?

Access to uninterrupted and cost-effective supply of core inputs namely iron ore, coking coal, thermal coal, power, and water is vital for sustainable and profitable growth for any steel manufacturer. Resource integration has always been intrinsic to our business vision and the same influenced us to strategically set up our plant in mineral rich state of Orissa.

We have been working tirelessly in achieving resource independence and sufficiency over long term. We are further adding 197 MW of power generation capacity to our installed base of 110 MW. Towards integrating coking coal, we have invested in Bowen Energy of Australia, which has exploration and mining rights for coking coal. We have been allocated one iron ore mine and two coal mines.

Post completion of Phase III, your HRC production would exceed your current captive requirements. What are your plans with the excess production?

On completion of ensuing Phase III expansion, our total Hot Rolled Coil production capacity would be 4.4 MTPA. Our present installed capacity in secondary steel is about 1.2 MTPA. While the surplus production of HRC would be sold in the early phase, over the years we aim to process our entire production ourselves towards value-added products. Our vision is to be a fully integrated steel company which deploys its entire HRC production to strengthen its Cold Rolled products and Tubes business and thereby derive higher realisation.

Currently, we are developing a tube manufacturing plant of 0.5 MTPA capacity for ERW (Electric Resistance Welded) tubes, besides adding a 0.45 MTPA CR mill at Orissa. In addition to the above we are also planning to add 1.8 MTPA PLTCM mill at Orissa. Post these expansions in our downstream capacities; we would process almost all of our HRC production ourselves.

Where do you see Bhushan Steel in the next 5 years?

With the completion of all our ensuing and planned expansions and start of supplies of raw material like Thermal coal, Coking Coal and Iron Ore from our own mines, Bhushan Steel shall emerge as a leading steel company in India with multiplier growth in its top line and profitability.

THE STEEL-EDGE EXPANDS OUR PRODUCT MIX





We pride ourselves of a significantly wide portfolio of flat products, which are manufactured at our two value-added steel processing facilities at Sahibabad in Uttar Pradesh and Khopoli in Maharashtra. We have been producing CRCA, Galvanised Sheets, Precision Tubes, High Tensile Steel, H&T Strips, Wire-rods, Colour-coated Sheets and Galume for long.

OUR INTEGRATED STEEL & POWER COMPLEX AT ORISSA HAS ADDED SPONGE IRON, PIG IRON, BILLETS, SLABS, HRC AND POWER TO OUR PRODUCT MIX. A SIGNIFICANT PORTION OF OUR HRC PRODUCTION FEEDS OUR SECONDARY STEEL PLANTS.

Besides possibly having the widest coverage across the steel value chain in India, we boast of many pioneering initiatives in the Indian steel sector. We will be the first company in India to produce auto-grade HR Coils besides being the first Company to produce Galume in India.

PRODUCT MIX AND INSTALLED CAPACITY

(tonnes per annum)

Products	Sahibabad & Khapoli	Orissa	Total
HR		1,900,000	1,900,000
CR	1,250,000		1,250,000
Galvanized	540,000		540,000
Colour Coated	160,000		160,000
HTSS	20,000		20,000
Hardened & Tempered sheet	11,000		11,000
Precision Tubes	140,000		140,000
Wire Rods	20,000		20,000
Billets	40,000	300,000	340,000
Power (MW)	48	110	158

THE STEEL-EDGE FURTHERS QUALITY





Quality in absolute terms has been our hallmark. Our fascination with quality-par-excellence is as old as our company. In our two steel-processing units, we did deploy global best technologies and machinery like Hydrogen Annealing, Hitachi Mill, Colour-coaters etc. in order to supply best-in-class quality products to our valued customers.

OUR NEWLY ACQUIRED STEEL-EDGE WILL FURTHER IMPROVE THE QUALITY OF HOT ROLLED COILS. OUR STEEL PLANT IS BUILT WITH THE AMALGAMATION OF BEST AVAILABLE TECHNOLOGIES AND MACHINERY FROM GLOBAL SUPPLIERS LIKE SMS SIEMAG, OUTO TEC, PAUL WURTH, SIEMENS AND SCHALKER SUPPLYING BOF, SLAB CASTER, SINTER PLANT, COKE OVEN, BLAST FURNACE ETC.

Technical assistance from Sumitomo Metals, Japan has helped us in creating unmatched quality benchmarks in our value-added products. We are leveraging Sumitomo's knowledge and expertise in producing high-quality steel. A highly skilled team of experts from Sumitomo Metals has helped us optimise quality and introduce quality management systems in our Orissa plant.

ESTEEMED CUSTOMERS

Automobile Sector

- Maruti
- Tata Motors
- Mahindra & Mahindra
- Ashok Leyland
- Neel Metal Products
- Ford
- General Motors
- Hyundai
- Bajaj Auto
- Fiat
- Hindustan Motors
- Honda
- Veegee Industrial Enterprise
- Yamaha

Consumer Durable Sector

- LG
- Godrej & Boyce
- Electrolux
- Whirlpool
- Videocon
- Samsung
- BPL

THE STEEL-EDGE ENSURES IN-TIME DELIVERIES

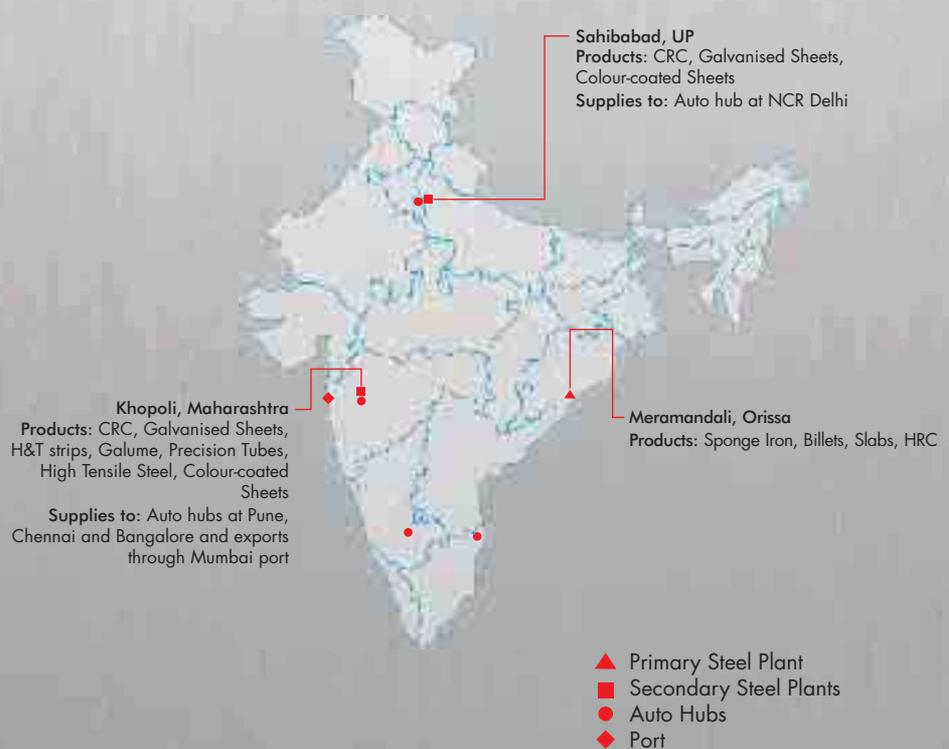




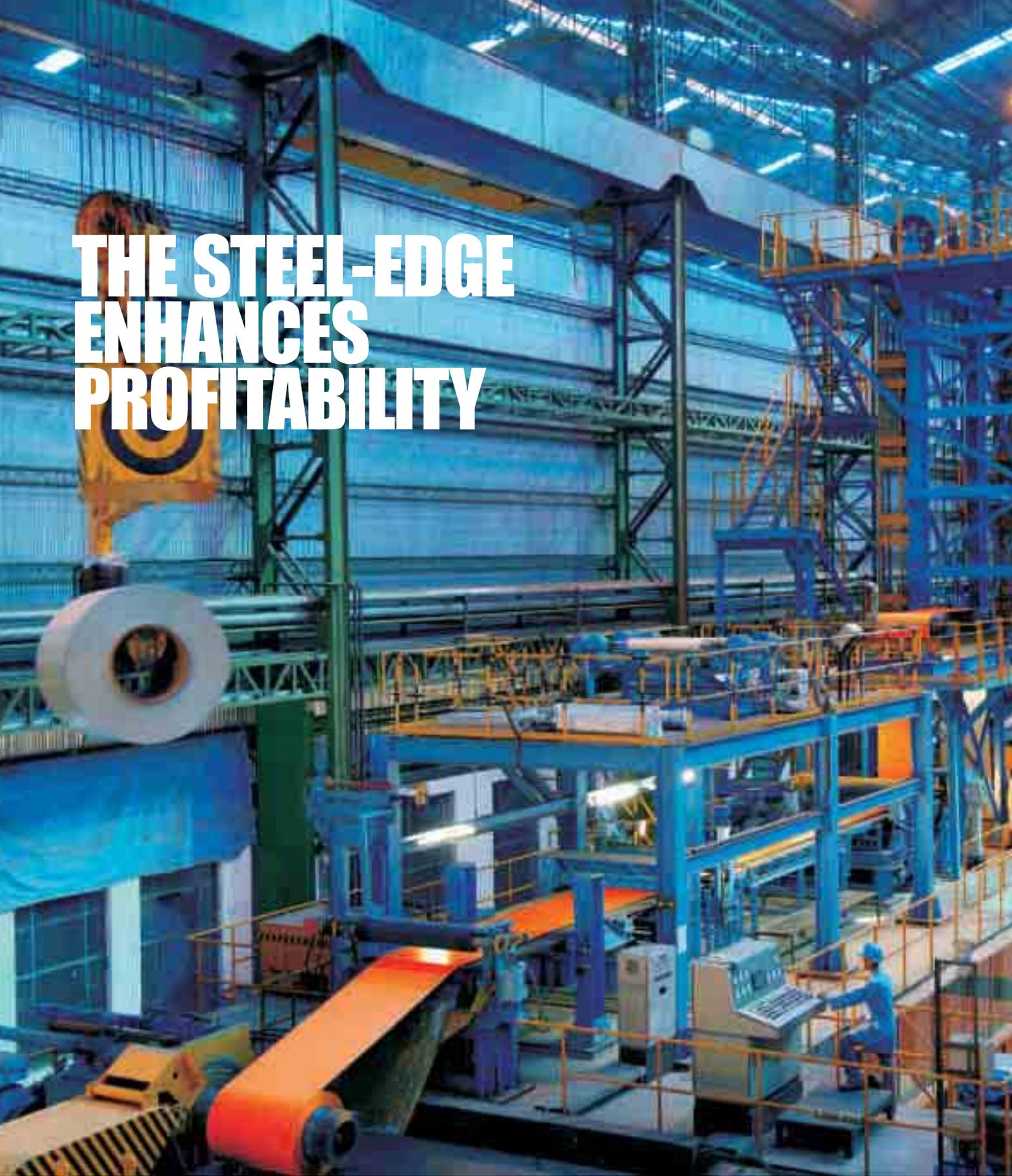
In light of prevailing cut-throat competition, our customers need Just-in-time deliveries. They need to optimise cost. Maintaining an inventory level beyond what is fiscally prudent would impact customers' business adversely. In order to enhance our supply proposition, we operate a strategic network of plants and locations that are closer to our domestic customers besides being closer to the ports in view of our exports to many countries.

WHILE WE HAVE MAINTAINED AN IMPECCABLE AND INFALLIBLE RECORD OF JUST-IN-TIME DELIVERIES TO OUR CUSTOMERS, OUR DEPENDENCE ON OTHER INPUT STEEL SUPPLIERS KEPT US PRONE TO MARKET VAGARIES. OUR STEEL-EDGE HAS COMPLETELY NEGATED OUR DEPENDENCE ON EXTERNAL STEEL SUPPLIERS AND FURTHER ENABLED US TO STRENGTHEN OUR CUSTOMER PROPOSITION OF 'AS MUCH THEY NEED, WHEREVER THEY NEED, WHENEVER THEY NEED'.

STRATEGICALLY LOCATED PLANT NETWORK



THE STEEL-EDGE ENHANCES PROFITABILITY



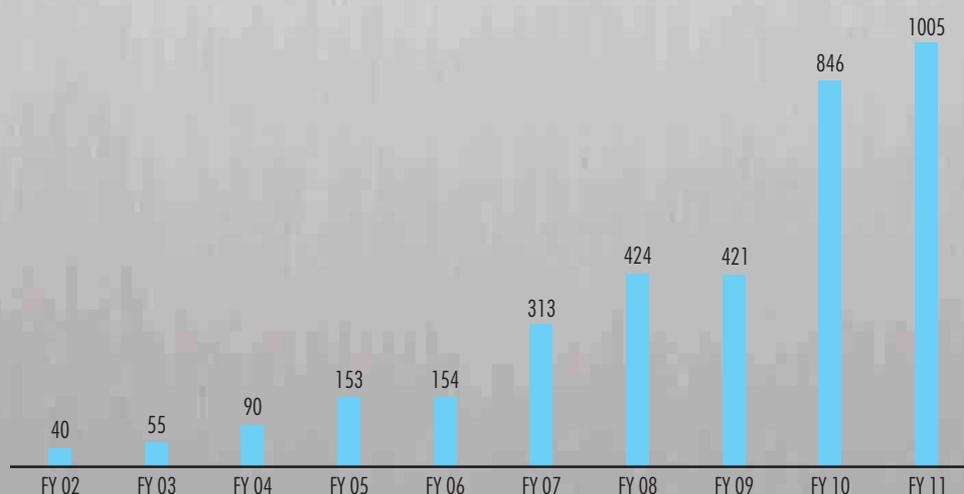


We, at Bhushan Steel, had traditionally procured HR Steel from other manufacturers for our two steel-processing facilities at Sahibabad and Khopoli. The quantity of steel procured and processed by us annually has grown continuously and is slated to continue growing. It was in this backdrop that we initiated our backward integration in 2005.

WITH THE STABILISATION OF PRODUCTION OF HR COILS AT OUR ORISSA PLANT, WE WILL USE OUR OWN HR COILS NOW. THE PROFIT MARGIN THAT OTHER STEEL SUPPLIERS WERE TAKING EARLIER WILL BE PLOUGHED BACK INTO OUR COMPANY. OUR PROFITABILITY, WHICH HAS ALREADY BEEN HEALTHY, WILL FURTHER GET ENHANCED AND TRANSLATE IN APPRECIATION OF VALUE FOR OUR SHAREHOLDERS.

A significant portion of our primary steel production will still be available for sale and the gains that we make on it will further add to the overall profitability of the Company.

NET PROFIT (₹ in crores)



THE STEEL-EDGE IS INTEGRATING RESOURCES





Our decision to build our Steel-edge in Orissa was influenced by strategic importance of the location. Its proximity to resources like raw materials, water, skilled and semi-skilled manpower, and multi-modal transport mix of rail, road and sea makes our plant ideally located to unlock value.

Having achieved the Steel-edge, we are strengthening our access to key raw materials like iron ore, coking coal, thermal coal and water. Our investment towards acquiring sizable stake in Bowen Energy of Australia was right-timed. It gives us access to coking coal mines in Queensland province of Australia, where Bowen Energy has mining rights.

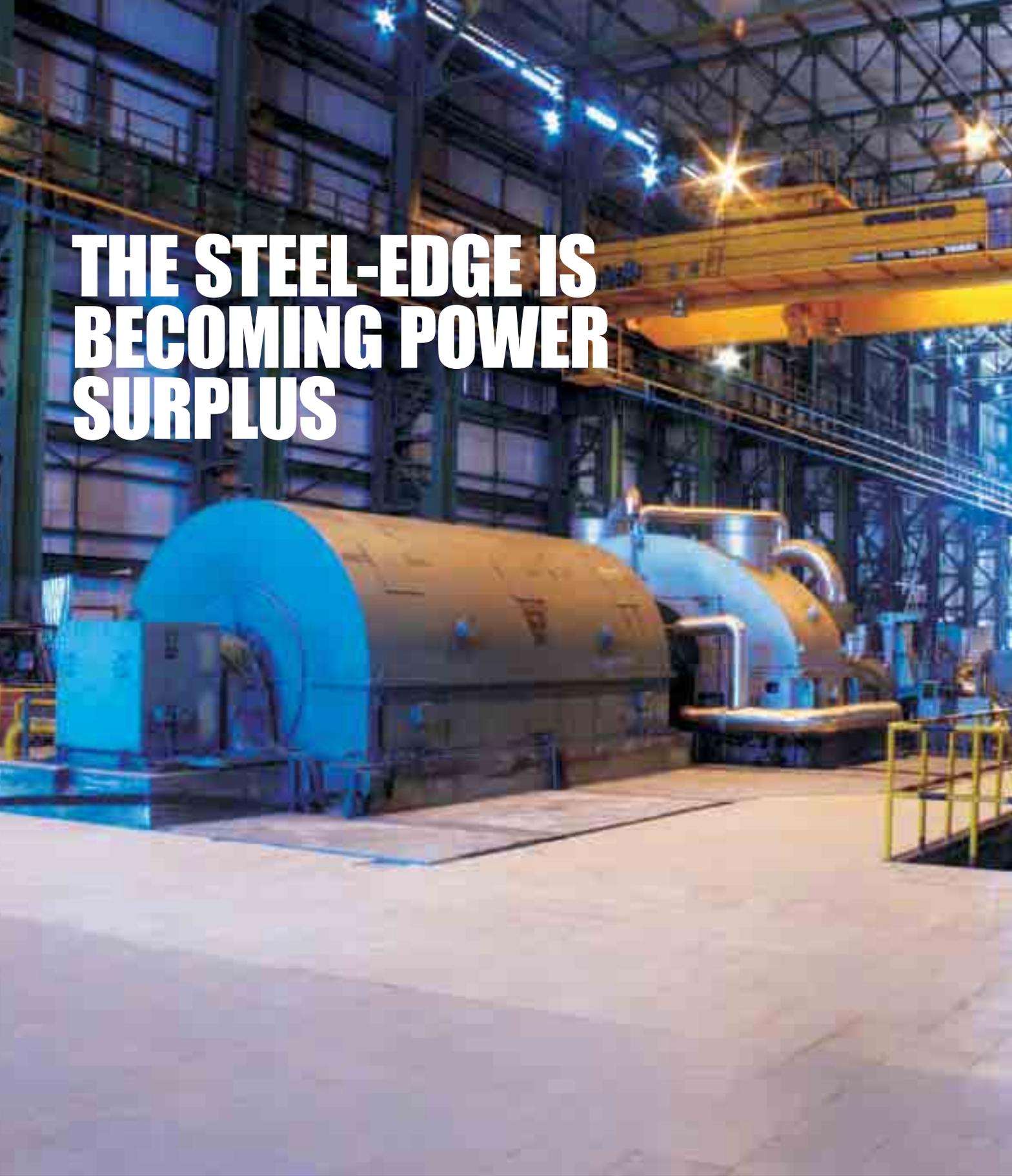
WE HAVE BEEN ALLOTTED IRON ORE MINES IN ORISSA. WE HAVE ALSO BEEN ALLOCATED TWO COAL MINES, ONE EACH AT PATRAPADA IN ORISSA AND ANDAL EAST IN WEST BENGAL. THE DEVELOPMENT WORK ON OPENING THESE MINES IS FAST PROGRESSING AND WE ARE ON COURSE TO START RECEIVING SUPPLIES IN THE NEXT 3-4 YEARS.

The same would complete our coverage of steel value chain – from iron ore to highest value added colour-coated sheets and Auto-grade HRC. Mining our own raw material will further strengthen our profitability.

RAW MATERIAL INTEGRATION

Raw Material	Mine	Location	Status
Iron ore	Marsuan-Tiriba	Orissa	Prospecting to start
Thermal coal	Patrapada	Orissa	Land acquisition in progress
Thermal coal	Andal East	West Bengal	Prospecting started
Coking coal	Bowen Energy	Australia	Under exploration

THE STEEL-EDGE IS BECOMING POWER SURPLUS





We envisaged our Steel-edge to be power sufficient from day one. Accordingly, we simultaneously added power-generation capacities with Phase I and Phase II of our greenfield expansion. Having met with initial success on this front, we plan to pursue Power Generation as an independent business in our associate Company, Bhushan Energy Limited.

OUR CURRENT INSTALLED CAPACITY IS 410 MW INCLUDING 300 MW IN OUR ASSOCIATE COMPANY. ALONGSIDE OUR PHASE III EXPANSION, WE ARE FURTHER ADDING POWER GENERATION CAPACITY OF 197 MW.

Bhushan Energy too is expanding its capacity and is currently developing another 185 MW. Its plan to set-up a large 2640 MW (660 MWx4) power generation complex is at an advanced stage of planning. Together with the strengths of our associate company, we are on course to become power surplus. The same would go a long way in ensuring our profitable growth over long term.

THE STEEL-EDGE IS FAST EXPANDING



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Our Steel-edge is hard earned and is a sum total of our long-term vision, gritty resolve, untiring hard work, un-diminishing spirit and unquestionable trust and belief of stakeholders in our capabilities. We have defied many myths in the process and have countered global recessionary headwinds and liquidity crisis. When the going gets tough, the tough gets going! We have exemplified this idiom to sail through that storm.

ON COMPLETION OF PHASE II OF OUR INTEGRATED STEEL & POWER PROJECT, WE NOW HAVE THE INSTALLED CAPACITY OF 2.2 MTPA OF CRUDE STEEL INCLUDING 1.9 MTPA OF HOT ROLLED COILS AND 0.3 MTPA OF BILLETS. DEVELOPMENT WORK ON OUR BROWNFIELD EXPANSION (PHASE III) AT ORISSA IS PROGRESSING AT FULL SWING. AS HAS HAPPENED WITH EACH OF OUR PAST EXPANSIONS, THIS ONE TOO SHALL GET COMPLETED ON OR AHEAD OF ITS SCHEDULED COMMISSIONING TIME OF FY 13. ON COMPLETION, OUR COMBINED INSTALLED CAPACITY OF HOT ROLLED COILS WOULD BE 4.4 MTPA.

On the value-added steel front too, we are expanding our installed capacities. At khopoli, we are adding new capacity to manufacture 0.5 MTPA of ERW pipes. At Orissa, we are adding 0.45 MTPA of CR capacity. We are also contemplating to set up value-added processing capacity of 1.8 MTPA at Orissa, including Pickling Line Coupled with Tandem Cold Mill. Besides fully utilizing the HR Output post the commencement of our Phase III, it would have dual-advantage of logistics on inward as well as outward movement.

PRODUCTION CAPACITIES - PRESENT & PROPOSED

	Current	Proposed by FY 13
HR Coil/ Billets/ Wire Rods etc.	2.20 MTPA	4.70 MTPA
CR/ GP/ Colour-coated/Pipe/ Galume	1.20 MTPA	2.15 MTPA
Power*	458 MW	840 MW

*includes 300MW in current and 485MW in FY 13 from associate Company - Bhushan Energy Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Brij Bhushan Singal
Chairman

Shri Neeraj Singal
Vice Chairman & Managing Director

Shri Mohan Lal
Director

Shri B.B. Tandon
Director

Shri V.K. Mehrotra
Director

Shri M.V. Surya Narayana
Director

Smt Sunita Sharma
Nominee Director of LIC

Shri Nittin Johari
Whole time Director (Finance)

Shri Rahul Sen Gupta
Whole time Director (Technical)

Shri P.K. Aggarwal
Whole time Director (Commercial)

Company Secretary

Shri O.P. Davra

Auditors

Mehra Goel & Co.
Chartered Accountants

TECHNICAL SUPPORT

- 1 ABB
- 2 Air Liquide Engineering SA, France
- 3 BHEL
- 4 China Shougang International, China
- 5 Daehyuntech, South Korea
- 6 Danieli Corus, The Netherlands
- 7 Ebner, Austria
- 8 Fimi, Italy
- 9 Hitachi, Japan
- 10 Intech Machinery Co. Limited, Korea
- 11 KCI Special Cranes, Finland
- 12 KIC Limited, Korea
- 13 Kvaerner Clecim, France
- 14 L & T
- 15 LOI Thermoprocess GmbH, Germany
- 16 Man B & W, Germany
- 17 Mecon
- 18 MillTech, Korea
- 19 Outo Tec, Germany
- 20 Paul Wurth, Italy
- 21 Qualical AG, Switzerland

22 RITES

23 Schalker, Germany

24 Siemens AG, Germany

25 SMS Siemag, Germany

26 Sumitomo Metal, Japan

27 Techint S.P.A., Italy

28 Waldrich Siegen, Germany

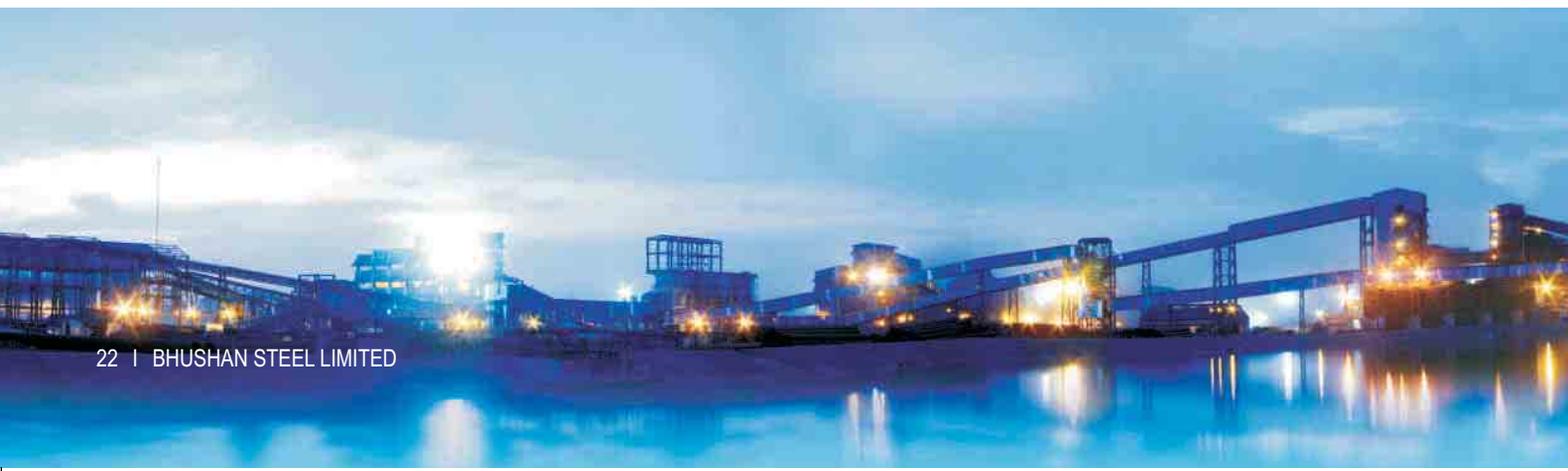
29 WAPCOS

REGISTERED AND CORPORATE OFFICE

F-Block, 1st Floor, International Trade
Tower, Nehru Place,
New Delhi - 110 019, INDIA
Tel: 011 - 42297777, 42295555,
39194000
Fax: 011 - 26478750, 26415845

WORKS

- Site IV, Sahibabad Industrial Area,
Distt. Ghaziabad - 201 010 (U.P.)
INDIA
- Village: Nifan, Sarvoli,
Kharpada Road, Taluka-Khalapur,
Near Khopoli, Distt.:
Raigad - 410 203 (Maharashtra)
INDIA
- P.O. Shibapur, Meramandali
Distt.: Dhenkanal - 759 121
(Orissa) INDIA



BANKERS

1 Allahabad Bank	18 Exim Bank	35 South Indian Bank
2 Andhra Bank	19 Federal Bank	36 Standard Chartered Bank
3 Axis Bank	20 HSBC Bank	37 State Bank of Bikaner & Jaipur
4 Bank of Baroda	21 ICICI Bank	38 State Bank of Hyderabad
5 Bank of India	22 IDBI Bank	39 State Bank of India
6 Bank of Maharashtra	23 Indian Bank	40 State Bank of Patiala
7 Bank of Rajasthan	24 Indian Overseas Bank	41 State Bank of Travancore
8 Barclays Bank	25 IndusInd Bank	42 Syndicate Bank
9 Bayerische Landesbank	26 ING Bank	43 The Bank of Tokyo-Mitsubishi UFJ Ltd
10 Canara Bank	27 J & K Bank	44 The Ratnakar Bank Limited
11 Central Bank of India	28 LIC	45 UCO Bank
12 Corporation Bank	29 Nord LB	46 Union Bank of India
13 Credit Agricole Bank (Calyon Bank)	30 Natixis	47 United Bank of India
14 Deutsche Bank	31 Oriental Bank of Commerce	48 Vijaya Bank
15 Dena Bank	32 Punjab & Sind Bank	49 WEST LB
16 DBS Bank	33 Punjab National Bank	50 Yes Bank
17 DZ Bank AG	34 Saraswat Cooperative Bank Limited	

BRANCH NETWORK

Agartala	Coimbatore	Jaipur	Nashik
Agra	Dehradun	Jammu	Patna
Ahmedabad	Delhi	Kullu	Pune
Aurangabad	Faridabad	Karnal	Parwanoo
Ahmednagar	Gurgaon	Kolkata	Rishikesh
Bengaluru	Guwahati	Kanpur	Silliguri
Bhubaneswar	Haldwani	Ludhiana	Vadodara
Bhatinda	Hyderabad	Mandigovindgarh	Varanasi
Chandigarh	Hosur	Mumbai	
Chennai	Indore	Nagpur	

REGISTRAR & SHARE TRANSFER AGENTS

RCMC Share Registry Pvt. Ltd. B - 106, Sector -2, Noida (U.P.) 201 301 Ph. 0120- 4015880, Fax. 0120 - 2444346 Email: shares@rcmcdelhi.com



Directors' Report

The Members,

Your directors have pleasure in placing before you the 28th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS:

(₹ in Lacs)

Particulars	Year ended	
	March 31, 2011	March 31, 2010
Profit Before Depreciation and Tax	165349.58	136050.05
Depreciation & Amortisation	27784.53	20913.56
Profit Before Tax	137565.05	115136.49
Provision for Current Taxation	27420.75	19570.00
MAT Credit Utilised	(27242.30)	2665.00
Provision for Deffered Tax	36878.01	8321.83
Profit After Tax	100508.59	84579.66
Profit brought forward from Previous Year	7208.33	7318.24
Profits available for appropriation	107716.92	91897.90
which the Directors appropriated as under:		
Proposed Dividend on Equity Shares	1061.79	1061.79
Dividend on Preference Shares	370.14	23.31
Provision for Dividend Tax	232.30	180.22
Transfer to Debenture Redemption Reserve	5475.00	1975.00
Release from Debenture Redemption Reserve	(1000.00)	-
Transfer to General Reserve	101200.00	81449.25
Balance carried forward to Balance Sheet	377.69	7208.33
Total	107716.92	91897.90

DIVIDEND :

The Directors recommend following dividend on Preference Shares proportionately from the date of allotment till 31st March 2011:

- i) ₹10.00 per share on 51,68,600 10% Redeemable Cumulative Preference Shares;
- ii) ₹25.00 per share on 8,00,000 25% Non convertible cumulative Redeemable Preference shares ;
- iii) ₹4.00 per share on 9,00,000 4% Non convertible cumulative Redeemable Preference shares and

Dividend of ₹0.50 per share on Equity Shares for the year ended 31st March, 2011 for approval by the Members at the ensuing Annual General Meeting.

HIGHLIGHTS:

During the year, your Company has partially installed the Phase II of the integrated steel plant at Orissa with the production facility of Hot Roll Coil Mill (1.90 Mtpa)

The Gross sales of the Company has increased to ₹7576 Crore, registering a growth of 26% over previous year's level of ₹6003 Crore.

EXPANSION PROJECT:

The company started its backward integration with capacity of 1.9 MTPA of hot rolled steel at its integrated steel plant at Orissa coupled with another capacity expansion (a brownfield one) which shall enhance the HR capacity to 4.40 MTPA by Oct. 2012. With the start up of HR plant of 1.9 MTPA at Orissa the company's dependence on others to supply us primary steel ended up resulting in full control of margins.

The company plans to utilize all its HR capacity to manufacture the downstream products as it has leadership position in value added segment for automobile and white goods sector.

At present the company has total downstream capacity of 1.25 MTPA at its Sahibabad and Khopoli plants out of which only 0.60 MTPA is available to auto and white goods sector and the balance capacity is used for Galvanised and other value added products. The company has almost 100% order book for auto and white goods sector and is not able to full fill the additional requirements of the fast growing auto market.

Further the company is also coming up with 0.50 MTPA ERW API pipe plant at Khopoli and 0.45 MTPA Colled Rolled Complex at Orissa which shall be ready by FY 13. Thus the company shall utilize its HR capacity of around 2.3 MTPA and after the expansion of HR capacity in Oct. 12 the company shall have surplus HR available of around 2.1 MTPA.

The company has option to sell the surplus HR in the market or to further downstream/value addition the same to capture the full value chain and maximize the margins.

In order to maintain its leadership position in this segment and to maximize the margins the company proposes to set up the downstream capacity of 1.8 MTPA, where the company shall set up PLTCM of 1.8 MTPA and CAL of 1 MTPA with the capex of around ₹5000 crores to fully utilize its additional HR capacity. The PLTCM and CAL line shall have the world class facility with latest technology and lower conversion cost as compared to the existing facilities.

With the PLTCM and CAL line the company shall capture the fast growing domestic automotive and consumer goods segments and shall also help the company to make its presence in the overseas auto market also.

In addition to the above, the company shall also be completing the 2nd Coke oven plant (1.3 MTPA), Coal Washery (2.5 MTPA) and 2 DRI Kilns (aggregate capacity of 0.34 MTPA) and 197 MW Power Plant at the existing site of Integrated steel plant at Orissa.

With this the company will be able to achieve the improvements in its margins.

FINANCE:

The company has tied up ECA for EURO 180 Million from DZ Bank AG for Brownfield project phase III.

During the year, the company has tied up Rupee Term Loan of ₹600 crore from Central Bank of India for the Cold Rolling Mill project, ECB for USD 125 million from ICICI Bank Limited and Rupee Term Loan for ₹1032 crore from Axis Bank Syndication for Coke Oven, Coal Washery and 2 DRI Kilns project and Rupee Term loan of ₹725 crore from Canara Bank Syndication for its 197 MW Power Project at Orissa.

The Working Capital facilities for Sahibabad, Khopoli and Orissa Plants have been appraised by PNB, the lead Bank, for ₹5656 crore (Fund Base limit of ₹2231 crore excluding export credit and Non Fund Based limit of ₹3425 crore) for the Financial year 2010-11

CREDIT RATING:

The Long Term rating of your company is Care A+ by Credit Analysis & Research Ltd as per the provisions of BASEL II guidelines of RBI.

The Credit Analysis & Research Ltd (CARE) has rated the short term rating at the highest rating of PR1+ (PR One Plus) for short term credit facilities of the company.

EXPORTS:

During the year, the company has achieved the Export Turnover of ₹1206 crore. The Export Turnover of most of the Exporters in the country has a negative trend due to the recession in international market during the last year.

With a firm commitment and through sustained efforts, your company continues to maintain good rapport with Global Customers. Our quality products and timely delivery have found wide acceptance in the highly competitive international market.

Our products are being exported across the globe.

CHANGE IN SHARE CAPITAL:

i) Increase in Authorised Share Capital

The Authorised Share Capital of the Company has been increased from ₹150 Crore to ₹225 Crore by creation of 75,00,000 Preference Shares of ₹100 each.

ii) Issue and allotment of Preference Shares :

The Company has issued and allotted 32,00,300 Preference Shares of ₹100 each.

QUALITY:

In today's global competition and open economy, quality plays a vital role in marketing the products and stay ahead of others. Therefore, great emphasis is given to manufacturing products that meet high standards of quality in the global market and customer satisfaction.

Proactive efforts are directed towards determining customers' requirements and achieving all-round customer satisfaction. This is primarily achieved through automated systems (reducing manual handling to a minimum), high attention to complaint resolution, online communication and information exchange, quality circles etc.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, the Company's Articles of Association and approval given by the Shareholders Sh. Brij Bhushan Singal, Sh. P. K. Aggarwal and Sh. B. B. Tandon, Directors are liable to retire by rotation at the ensuing Annual General Meeting. Being eligible Sh. Brij Bhushan Singal, Sh. P. K. Aggarwal and Sh. B. B. Tandon have offered themselves for re-appointment.

Necessary resolutions for members' approval for their appointment / re-appointment form part of the notice of Annual General Meeting.

Your Directors recommend their appointment / re-appointment.

FIXED DEPOSIT:

The company has not accepted any fixed deposit from the Public and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

AUDITORS & AUDITORS' REPORT :

M/s. Mehra Goel & Co., Chartered Accountants, New Delhi, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting. M/s. Mehra Goel & Co., Chartered Accountants have informed the Company that if appointed, their appointment will be within the prescribed limits U/s 224 (1B) of the Companies Act, 1956. Accordingly, members' approval is being sought for their re-appointment as the Auditors of the Company at the ensuing Annual General Meeting.

There is no adverse qualification/remarks in the the Auditors' Report therefore do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under sub section 2AA of Section 217 of the Companies Act, 1956 with respect to the Directors Responsibility Statement, the Directors' of your Company declare as under :-

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there are no material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE :

Pursuant to the provisions of Section 292A of the Companies Act, 1956 (as amended), and in accordance with the requirements of Clause 49 of the Listing Agreement(s), the Board of Directors of the Company has constituted a Committee of Board of Directors as Audit Committee consisting of Sh. B. B. Tandon, Sh. B. B. Singal, Sh. M.V. Suryanarayana, and Sh. V. K. Mehrotra as its members. Sh. B. B. Tandon is the Chairman of the Audit Committee. Audit Committee shall have such powers and authority as provided under the aforesaid provisions and shall act in accordance with the terms of reference to be specified in writing by the Board of Directors from time to time.

PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of Employees are given in Annexure – A forming part of this Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the

Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'B' forming part of this Report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Your Company has implemented the conditions of Corporate Governance as contained in clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance and Management Discussion & Analysis along with necessary certificates are given in Annexure 'C', 'D', 'E' and 'F' forming part of this Report.

HUMAN RESOURCE DEVELOPMENT :

Your Company achieved a record level of turnover due to the untiring efforts put in by the people at all levels. Industrial relations remain cordial throughout the year and the Board records its appreciation for the contribution of all employees towards the growth of the company without which the achievements made would not have been possible.

SUBSIDIARIES:

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. As per the general exemption given by Ministry of Corporate Affairs vide General circular no. 2/ 2011, the Company is exempted under Section 212(8) of the Companies Act, 1956 from attaching to its Balance Sheet, the individual annual Reports of its subsidiary Companies.

As per the terms of the General circular no. 2/ 2011, a statement containing brief financial details of the Company's Subsidiaries for the year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any investor of the company / its subsidiaries of seeking such information at any point and are also available for inspection by any investors of the Company/its subsidiaries at the Corporate Office of the Company and that of the head offices of the respective subsidiary Companies.

Detail of subsidiaries of the Company are covered in the Annual Report.

GROUP:

Pursuant to intimation from the promoters, the name of the Promoters and entities comprising the 'group' as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 are disclosed herein below.

Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 for the purpose of Regulation 3(1)(e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following :

- Bhushan Energy Ltd.
- Bhushan Aviation Ltd.
- Bhushan Buildwell Pvt. Ltd.
- Bhushan Infrastructure Pvt. Ltd.
- Bhushan Energy Trading Pvt. Ltd.
- Bhushan Placement Services Pvt. Ltd.
- Bhushan General Traders Pvt. Ltd.
- Bhushan Consumer Electronics Pvt. Ltd.
- Ajay & Archana Mittal Family Private Trust

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude for the valuable guidance and support given by Government of India, various State Government departments, financial Institutions, Banks, and various stakeholders such as Shareholders, Debenture holders, Customers, Dealers, Suppliers and Investors during the year under review. The Directors look forward to their continued support in future.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company at all levels towards the growth of the Company.

for and on behalf of the
Board of Directors,

Sd/-

(B. B. SINGAL)
CHAIRMAN

Place : New Delhi
Dated : July 29, 2011

Annexure - A

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

SR. NO.	NAME	DESIGNATION	REMUNERATION (₹)	QUALIFICATION	AGE	EXP.	DATE OF COMMENCEMENT OF EMPLOYMENT	NATURE OF DUTIES	LAST EMPLOYMENT
1	2	3	4	5	6	7	8	9	10
EMPLOYED THROUGHOUT THE YEAR AND WAS IN RECEIPT OF REMUNERATION OF NOT LESS THAN ₹60,00,000 PER ANNUM.									
1.	Sh. Neeraj Singal	Vice-Chairman and Managing Director	9094797	Graduate	43	24	01.04.1992	Operations and day to day Management	Executive Director with Bhushan Metallics Ltd.
EMPLOYED FOR PART OF THE YEAR AND WAS IN RECEIPT OF REMUNERATION OF NOT LESS THAN ₹5,00,000 PER MONTH.									
NIL									

NOTES :

- Remuneration as shown above includes salary, allowances, medical expenses, house rent and taxable value of perquisites but excludes gratuity provision.
- Sh. Neeraj Singal is son of Sh. B. B. Singal, Chairman of the Company.
- Sh. Neeraj Singal holds 22.09 % of Paid-up Equity Share Capital of the Company.
- Nature of employment of Sh. Neeraj Singal is contractual.

Annexure - B

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2011.

A. CONSERVATION OF ENERGY :

a. Energy Conservation measures taken:

- 100% utilization of waste gases coming out from 8 nos. of DRI kilns with installation of waste heat recovery boilers & power generation unit.
- Heat recovery of waste gases coming out from hot blast stoves of blast furnace-1 with installation of waste heat recovery heat exchangers to pre-heat the BF gas & combustion air utilized for firing of hot blast stoves.
- Usage of BF gas as a fuel in sinter plant furnace, lime calcination plant furnace, reheating furnace of HSM & heating of coke oven batteries.
- Injection of pulverized coal (up to 150 Kg/THM) in Blast Furnace-1. Ultimate saving in consumption of high grade metallurgical coke by same amount.
- Installation of back pressure turbine for power generation with utilization of low pressure steam discharged from turbo-blower's turbines of Blast Furnace-1.
- Use of char in boilers which is a bi-product for DRI Kiln 1 to 8.
- Installation of active front end drives in Main Mill drives of HSM help in regeneration of energy.
- Installation of Induction generator in Oxygen Plant for Expansion turbine.

b. ADDITIONAL INVESTMENTS & PROPOSAL FOR REDUCTION OF CONSUMPTION OF ENERGY:

- Utilization of coke oven gas as fuel (Calorific value- 4500 Kcal/Nm³) in HSM reheating furnace.
- Generation of 14 MW electrical power with installation of BF gas top pressure recovery turbine & generator in Blast furnace-2 (Under construction).
- Generation of 45 MW electrical power with installation of Coke dry Quenching in Coke Oven -2 (Under Engineering).
- Installation of waste heat recovery system in Blast Furnace-2(Under construction)

c. IMPACT OF THE ABOVE MEASURES:

Energy Conservation measures has resulted in achieving:

- Generation of 33 MW power from Waste gas of DRI.
- Saving in consumption of metallurgical coke by around 20 Kg/Ton of liquid pig iron produced achieved from waste heat recovery system of Blast Furnace-1.
- Drastic reduction in the consumption of LPG & LDO in Sinter plant, HSM Re-heating furnace & calcination plant.

- IV. Ultimate saving in consumption of high grade metallurgical coke.
- V. Generation of 12 MW power from low pressure steam discharged from turbo-blowers of Blast Furnace-1.
- VI. Reduction in the consumption of coal required for generation of Steam for power plants.
- VII. Reduced power requirement & improvement in power factor.
- VIII. Generation of 250KW power on continuous basis

The details regarding present energy consumption including captive generation are furnished as per Form A of the Annexure to the Rules.

FORM-A

I. POWER & FUEL CONSUMPTION

	2010-11	2009-10
1 ELECTRICITY PURCHASED		
Unit (No. in Lacs) KWH (including used for Project)	13676.90	3952.31
Total Amount (₹ In Lacs)	63124.70	17780.35
Rate per Unit (₹)	4.62	4.50
2 OWN GENERATION (THROUGH FURNACE OIL GENERATOR)		
Unit (No. in Lacs) KWH	1583.59	3210.64
Unit per ltr. of oil (Excluding RLNG consumed alongwith Furnace Oil)	5.71	6.49
Rate per Unit (₹)	4.46	2.96
3. OWN GENERATION (THROUGH STEAM TURBINE GENERATOR)		
Unit (No. in Lacs) KWH (including units sold)	4308.53	5783.85
Unit per MT of Steam	270.27	270.24
4. FUEL OIL CONSUMED IN MANUFACTURING		
Qty. (Ltrs. in Lacs)	79.48	47.82
Total Amount (₹ in Lacs)	1993.69	1025.03
Avg. Rate (₹)	25.09	21.43
5. LPG		
Qty. (Kg. in Lacs)	-	21.38
Total Amount (₹ in Lacs)	-	559.94
Avg. Rate (₹)	-	26.19
6. RLNG		
Qty. (Thousand BTU in Lacs)	15147.84	11156.89
Total Amount (₹ in Lacs)	5781.38	3817.33
Avg. Rate (₹)	0.38	0.34

II. CONSUMPTION PER UNIT OF PRODUCTION

	2010-11	2009-10
Production (MTs)	1766443	1560374
Elect. (Unit/ MT)	702	557
Fuel Oil (Ltrs. / MT)	6.49	3.92
LPG (Kg. / MT)	-	1.75
RLNG (Thousand BTU / MT)	1237.64	914.15
Elect. (₹ / MT)	2478.46	995.51
Fuel Oil (₹ / MT)	162.89	83.99
LPG (₹ / MT)	-	45.88
RLNG (₹ / MT)	472.36	312.78

B. TECHNOLOGY ABSORPTION

FORM-B

RESEARCH & DEVELOPMENT (R&D)

Company's Research and Development activities consist of carrying on normal quality testing of its raw material, work in progress and finished goods. It does not involve development of new products.

<p>1 Specific areas in which R&D is carried out by the company</p>	<p>Due to the latest and advanced testing facilities installed at the company's R&D centre, detailed testing of the various imported steel samples brought from different Automobile Industries were analyzed & the auto grade specification required for the outer body panels has been very well established. This has enabled 95% indignation of the automobile industry.</p> <p>Tied up with SMI for higher Strength Steel & Bake Hardened Steel production for automotive application.</p> <p>Due to the latest and advanced testing facilities installed at the Company's R&D centre , started developing various Special grade steels required for Automobile in hot rolled and or further cold rolled like EDD , high tensile structural steels, even in the early stages of Steel Melting and Slab Caster Plant stabilization and Hot strip mill startup period.</p> <p>This effort will be further continued for development of all special grade steels in hot rolled and cold rolled required for automobile, white goods , line pipes, electrical stamping(NGO), high tensile HSLA grades for wider Market and niche segment.</p> <p>Product developments:</p> <p>A) CRCA:</p> <ol style="list-style-type: none"> 1. All the automobile grades have been well established for the auto sector in EDD and IF grades including outer skin panel application. 2. CRCA with DOS oil treated for food grade application for Export well established and being regularly supplied. <p>B) Bare Galume product well established for grades with YS 230 to 550 Mpa grades in acrylic coated condition confirming to 1000HRS of salt spray corrosion tests. EDD grade SS 33 and EDD Gp Dx54 required for Auto application, are under trials</p> <p>C) Preprinted products:</p> <ol style="list-style-type: none"> 1) All paint systems i.e. RMP, SMP, PVDF, SDP developed and well established. 2) High scratch & dust repellent paint system (HSDR quality) for clean roof application. 3) Different wrinkle finish paint for high class roofing/cladding/ sandwich panels 4) Printing pattern coating for furniture and auto body applications. <p>DJH coating thickness gauge from US</p> <p>Latest system of measuring pre painted coating thickness for individual coat measurements.</p>
<p>2 Benefits derived as a result of the above R&D</p>	<p><u>POLLUTION AND NOISE CONTROL</u></p> <p>Proper mixing of additives with hfo</p> <p>Comparision of power generation verses fuel consumption</p> <p>Regular monitoring of stack emission & stack temp.</p> <p>effective utilisation of waste heat in egb</p> <p>Fuel saving , sludge reduction & lower auxiliaries power consumption</p> <p>Energy saving and cost saving in the form of condensate recovery form E.C.L. (wider)</p> <p>Regular monitoring of CRM</p> <p>Regular p.m. of CRM</p> <p>Follow standerd operating procedure for CRM</p> <p>Total condensate recovery</p> <p>Total energy saving (KCAL)</p> <hr/> <p>Indignation of the car body sheet panel has been achieved up-to 95% at the major car industry. Ultra low carbon steel (ULC-IF steel) and Dent resistant high tensile material i.e. APFC 340, APFC 390 & SPC 440 has been well developed and established for the outer body panels</p> <p>New grades required for the automotive sector other than the EDD quality sheet have been produced, supplied and performing well at the various automobile manufacturers.</p> <p>Rolling up-to 1710 mm width has been achieved.</p> <p>Non Scalloping material with equiaxed grain structure for the bearing case industry has been established.</p> <p>Enameling grade for the kitchen ware application has been accepted by the market.</p> <p>Approval granted by Honda Motors Japan for Outer body skin panels & Production of Alu Zinc (Galume) Started.</p> <p>In the initial stabilization period of ConArc – LRF-CCM operation, Plant has started developing Special</p>

	<p>Steel Grades for cold rolling for automobile and White goods industry like D/DD/EDD, Tube making Grades steel, Medium & High carbon steels, Micro Alloyed Steel(Low Alloy High Strength – HSLA) like SAE1541, SAE1060, SAE1045, and high tensile structural steel in St52.3, etc, were successfully done.</p> <ol style="list-style-type: none"> 1. Net efficiency increase by adding additive. (carbonil-o) and actual fuel saving - 1.02 % of fuel consumption. 2. Sludge reduction by way of sediment and asphaltene reduction in treated tank by carbonil-o. 3. Net increase in calorific value of f.o. after adding additive is 0.12 mj / kg. 4. Total sulphur content is reduced by 0.41 % by additive and reduced corrosion of equipment and pollutant to atmosphere. 5. Engine sound has reduced and opacity of smoke has also reduced. 6. Adequate changes (reduced) of carbon deposits on turbocharger turbine blades, which resulted to better efficiency of the dg sets. 7. Exhaust gas temp. comes down by 5 to 8 'c from running parameters. 8. During major maintenance (50000 r.h) of dg#1, very less carbon dipositionn found on engine parts as compare to prives maintenance (33450 r.h). <ol style="list-style-type: none"> 1) Temp increment in boiler feed water. (from 35°c to 90°c) 2) Reduce soft water consumption in boiler. approx. = 2100 ltrs/hr. = 50.400 kl/day. = 1512 kl/month. 3) Recover of condensate water in feedwater tank will help reducing the boiler water tds, water treatment cost & also the cost of water. 4) Energy saving to raise the feed water temmp in ibl (from 35°c to 90°c)
<p>3 Future Plan of action</p>	<p>The efforts are continued to achieve 100% indignation of the auto industry. Material to be tried for optimizing different annealing cycles for getting optimum properties. To reduce process cost & reduce failure and Improve performance of the existing and newly developed products.</p> <ul style="list-style-type: none"> - Installation of another 02 Nos. Cut to length Line - Installation of another 01 Nos. Cr. Slitting Line - Installation of another new EDT Machine. - Installation of another new Roll Grinding Machine. - Installation of another new HR Slitter. - Installation of new Colour coated line - Installation of new Profiling line - Installation of new Re-cooling cum tension leveler. - Installation of 06 new Annealing Bases - Automation of ECL - Automation of GP-III - Level II Automation of Hitachi Mill - Re-vamping of 20 Hi Rolling Mill. <p>Steel of High tensile application in Engineering Structural, Power transmission, Line pipe application for gas & oil transportation, electrical stamping (NGO), etc. developed during the financial year 2010-11. Steel Grade 590H & 340BH to be developed during the financial year 2011-2012.</p> <p><u>FUEL SYSTEM AND THE ENVIRONMENT :</u> The installation of the "Fuel system" will help Bhushan Steel ltd to achieve the following aims:</p> <ol style="list-style-type: none"> 1) Approx. 5% savings of fuel. With reduce in wastage of natural resources and improve the energy efficiency of the plant. 2) Reduction in emission, with considerable reduction of CO2 resultant to achieve carbon credibility 3) Cleaner and complete combustion resulting in reduction of unburnt carbon deposits and reduction in CO Emissions. 4) Reduces of Preventive Maintenance schedule.
<p>4 Expenditure on R&D (Rates in Lacs) Capital / Recurring</p>	<p>NIL</p>

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

<p>1 Efforts in brief made towards technology absorption, adaptation & innovation</p>	<p><u>COMPANY’S PLANT AT SAHIBABAD DIST. GHAZIABAD U.P</u></p> <p>a) The project for installation of latest 6HI UCM cold rolling mill from Hitachi Japan with allied facilities like Electrolytic cleaning line, 100% Hydrogen furnace, 4 HI skin-pass mill from Clecim France with electrostatic oiler from Ravrine Italy, sophisticated roll grinding machine & electro discharge texturing machine from Waldrich siegen Germany, Fully automatic CR Slitting lines from FIMI Italy, CTL & multi blanking line with electro magnetic stacker from Henrich George Germany and full fledged laboratory and R&D centre to meet the stringent requirements of car body manufactures is already in operation. Additional Roll Grinding facility with on line crack detection from Waldrich Siegen – Germany, has been implemented.</p> <p>b) Integrated power generation has been planned with two DG sets of 12 MW each from MAN B&W-Germany already in full operation.</p> <p>c) Technical Assistance Contract with Sumitomo Metal Industries- Japan for development, sample test and evaluation and simulation of various grades required by the Indian Industry has been renewed for further period of six years.</p> <p>d) Re-certification of ISO/TS 16949 from 2002 version to 2009.</p> <p>e) Certificate has been obtained from Duns & Brandstreet Information Services India Pvt. Ltd (DUNS Number 65-008-1524) for supplying our material directly to Auto OEM’s abroad like (GM, Ford, Chrysler, Volks Wagon etc.)</p> <p>f) Installation of Kathabar coil cooling system imported from LOI Thermo process Germany has resulted in increased productivity & also helped in eliminating rejection due to pin rust.</p> <p>g) 06 No. Hydrogen bases added from Ebner Austria.</p> <p>h) Colour Coated & Profiling facility added.</p> <p>i) One new process line is also under installation stage, This will start producing material during current year and with this line we will produce Galume material (Al +Zn). Service Center for colour coating line established.</p> <hr/> <p><u>COMPANY’S PLANT AT KHOPOLI, MAHARASHTRA</u></p> <p>The most advanced state of art facilities have been installed at Khopoli, Maharashtra –</p> <p>1) 1 no. Narrow cold rolling mill with capacity to roll high carbon steel has been installed. The mill has most modern automation and control system from ABB</p> <p>2) 6 nos. Wide size annealing bases and 4 nos. Narrow annealing bases from Ebner, Germany have been installed</p> <p>3) A very sophisticated hardening and tempering furnace controlled with ABB automation system has been installed.</p> <p>4) Continuous Grinding Line from Bruer, Germany has been set up for attaining high quality of grinding and polishing on steel strips</p> <p>5) 1 no. Ultra Modern Facility to process tubes for the production of boiler tubes has been put up. Precision tubes, drawn tubes and various square and rectangular tubular section can be produced to meet all market segments</p> <p>6) Narrow cold rolling mill complex has got additional facilities –</p> <ul style="list-style-type: none"> • CR Slitter for multi-slitting operation having sophisticated Siemens controls • Rewinding Line for rewinding and inspection, again with state-of-art ABB automation • CR Slitter for multi-slitting of steel strips with Siemens automation system • Cut-to-Length machine to cut steel strip within close tolerances <p>7) Service centre has been put up with most modern facilities :</p> <ul style="list-style-type: none"> • CR Slitter from Daehyun, Korea for the processing of slits of wider strips having controls from Mitsubishi • 2 nos. Cut-to-length from Daehyun, Korea for cutting of steel strip with high precision • Very sophisticated Cut-to-length from Fimi, Italy for the cutting of steel strips within close tolerances • CR Slitter with most sophisticated controls from ABB • Tension leveling line for obtaining perfect leveled steel sheets to meets Indian and overseas elite market <p>8) Skin Pass Mill has already been commissioned successfully. Flattening spangles, improving surface roughness, partly eliminating the yield point elongation</p> <p>9) Electrical Discharge Texturing Machine has been installed to obtain desired roughness for processing of</p>
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high quality of steel strips. Electrodes are mounted on the machine in a manner which maximizes flexibility in respect of the roll diameters that can be textured. It helps to improve the painting process of the final product, enhancing its appearance, as well cold forming operation, reducing die wear

10) 5 nos. Profile Machines have been installed for the processing of high quality profile of GI, GL and color products for various commercial applications

11) 100% Hydrogen atmosphere controlled bell annealing furnaces for achieving uniform properties in CRCA.

12) Electro static oiler for controlled oiling for CRCA applied for auto sector and appliance industries.

ERW Pipe Plant:

BSL has commissioned the latest technology ERW pipe plant from Mill tech- Korea. The mill is of first of its kind in India to manufacture ERW pipes up to 25" OD required for Oil and natural gas transportation.

The technology incorporates high level of automation for smooth & trouble free operation with high production output.

This is the first ERW pipe mill to manufacture X-80 grade pipes specially required for high pressure service.

A fully equipped R&D centre is under commissioning with following facilities

Research & development centre:

Few of the test systems are listed below:

- Spark emission spectrometer from m/s thermo electron Spectrometer - Switzerland - with additional facility to check nitrogen content
- Fully computerized universal testing machine with 120 ton capacity from M/s Zwick - Germany for determination of mechanical properties along with stress / strain curve facility
- Digital Vickers and Rockwell hardness testers from M/s Zwick - Germany
- Impact test machine with capacity of 400 joules for determination of fracture toughness of material in sub zero environmental conditions.
- Metallurgical microscope with photomicrograph attachment from M/s Carl Zeiss – Germany
- Drop weight tear test machine (DWTT) with capacity of 30000j to determine ductile / brittle fracture determination of material under subzero environmental conditions.

QUV accelerated weather tester for life cycle tests for pre-painted products.

R & D efforts:

QUV for predicting relative durability to outdoor environments

Quality systems:

BSL khopoli has been now certified for latest version of ISO 2001-2008 version.

Also, certified for ISO 14001-2004 for the environmental management system.

Presently, on the way for ISO 18001 OHSAS and TS 16949 certification for auto sector.

Bhushan is moving ahead for certification from American petroleum institute's license for manufacturing pipes as per API 5L & 5CT Specification along with QMS as per API Spec. Q1 certification.

COMPANY'S PLANT AT MERAMANDALI, DISTT. DHENKANAL, ORISSA.

a) Company's Plant at Orissa is a backward seamless integration to manufacture HR Coils, Billets & Blooms along with Power generation facilities.

b) All machines and Technology are from world renowned suppliers like SMS Siemag-Germany, Tenova-Italy, Lurgy, Concast, PaulWorth, Danieli corus etc.

Process Routes

- DRI – IF/EAF – Billet Caster/Slab Caster
 - SP – BF – CONARC – Slab Caster – Hot Strip Mill
- Along with Power Plant/Coke Oven Plant

Facilities completed & put in operation

- 500 TPD DR Kilns # 1, 2, 3, 4, 5, 6, 7 & 8
- Power Plant – 33 MW, 77 MW, 2 x 150 MW along with 2 x 220 KV & 33 KV Switchyards
- SMS # 1 - 6 Nos. 15 T Induction Furnace, 1 No. 60 T EAF
 - * 3 - Strand Billet Caster
 - * Single Strand Slab Caster

- Oxygen Plant - 150 TPD, 341 TPD & 405 TPD with Oxygen, Nitrogen & Argon separation systems
 - Utility systems with Water treatment and water cooling systems with pipelines & Water cooling towers
 - Full-fledged Railway Network with Yards, Wagon Tiplers # 1 & 2
 - RMPP/RMHS - 425 TPH Coal Washery # 1 along with Middling circuits
 - * Coal Crushing & Screening System
 - * Iron Ore Crushing & Screening Complex
 - * Coal, coke, lime, iron ore etc conveying systems
 - * Stacker-cum-Reclaimers # 1, 2, 3 & 5
 - * Truck Tiplers # 1, 2, 3 & 4
 - * Purchased DRI and Coke Handling Systems
 - 177 M² Sinter Plant
 - 1681 Cum Blast Furnace
 - 2 x 300 TPD Lime/Dolomite Kilns
 - 1 x 0.85 MTPA Coke Oven Plant
 - SMS #2 -
 - * 2 x 180 T Conarc Furnace
 - * 2 Nos. LRF for secondary refining of steel
 - * 130 T HMDS (Twin Station)
 - * 180 TRH - degasser
 - * 1700 MM wide Single Strand Slab Caster
 - 1850 MM Wide HSM equipped with HAGC, CVC, Profile & Flatness control, RM-2, Coil Box, 6-Stand FM, 2 Nos. Down Coilers & 1 No. 300 T/Hr RHF
- Facilities under completion
- Reclaimers # 1 & 2 (Aug/Sept'11)
 - Stacker-cum-Reclaimers # 4 (Nov'11)
 - Wagon Tippler # 3 with associated material conveying systems (Oct'11)
 - (-) 5 MM Coal crushing & screening system
 - 2 x 300 TPD Lime Kilns
 - 1 No. 300 T/Hr RHF
- Facilities under implementation
- 2 x 500 TPD DR Kilns (No. 9 & 10)
 - 2 x 204 M² Sinter Plant
 - 2.5 MTPA Coke Ovens (72 Nos. 7.6M tall ovens) with all associated Facilities
 - 1 x 3800 Cum Blast Furnace with all associated Facilities
 - 2 x 600 TPD Lime Kilns
 - 3 x 180 T BOF, 2x1700 mm wide single strand slab caster
 - 180 T LHF for secondary refining of steel, 180 T HMDS twin station
 - Wagon Tiplers # 4 & 5
 - Track Hoppes 1 & 2 with associated facilities
 - Coal Washery # 2
 - 2 x 165 MW Power Plants
 - Stacker cum Reclaims 6 & 7
 - RMHS for 2x204M² Sinter Plant including Base Blending facility
 - 1200 TPH Coal Crushing and Screening system
 - Reclaims 3 & 4

<p>2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.</p>	<p><u>COMPANY'S PLANT AT SAHIBABAD, DISTT. GHAZIABAD, U.P.</u></p> <p>a) All the automobile grades have been well established and being supplied to almost all the major car manufacturers. This has resulted 95% indigenization of the vehicles resulting in import substitution and substantial cost saving for the car manufacturers.</p> <p>b) Due to Integrated power generation facilities, continuous un-interrupted supplies of material to the customer to meet their tight schedule and production targets.</p> <hr/> <p><u>COMPANY'S PLANT AT KHOPOLI, MAHARASHTRA.</u></p> <p>Product developments:</p> <p>a) CRCA: All the automobile grades have been well established for the auto sector in EDD and IF grades.</p> <p>b) Bare Galume product well established for grades with YS 230 to 550 Mpa grades in acrylic coated condition confirming to 1000HRS of salt spray corrosion tests.</p> <p>c) Prepainted products:</p> <p>1) All paint systems i.e RMP, SMP, PVDF, SDP developed and well established.</p> <p>2) High scratch & dust repellent paint system (HSDR quality) for clean roof application.</p> <p>3) Different wrinkle finish paint for high class roofing/cladding/ sandwich panels.</p> <hr/> <p><u>COMPANY'S PLANT AT MERAMANDALI, DISTT. DHENKANAL, ORISSA.</u></p> <p>Future development of special grade steel like IF steel, extra low Carbon Steel, API-5L (X70 to X80) through Hot Metal treatment through HMDS and Steel vacuum treatment in RH-degasser for wider application and improved market.</p> <p>BOF route steel making will enhance further development of low carbon high purity steels for automobile sector application through cold rolling and direct hot rolled and micro-alloyed route.</p> <p>Enhancement of HSM capacity will lead to increased productivity, process control and cost reduction in final product.</p> <p>Larger capacity BF-2 will have increased productivity and cost reduction in Iron & steel production</p>
<p>3) In case of import of technology (imported) during the last 5 years reckoned from the beginning of the financial year, following information may be furnished :</p> <p>a) Technology imported</p> <p>b) Year of Import</p> <p>c) Has technology been Fully absorbed.</p> <p>d) If not fully absorbed, areas where this has not taken place, reason thereof and future plan of action.</p>	<p><u>COMPANY'S PLANT AT SAHIBABAD, KHOPOLI AND DHENKANAL</u></p> <p>Main Mill equipment and design has only been imported through SMS-Siemag, Corus, Tenova, etc . Commissioning and Operation of these equipment has been done with help of original supplier with full involvement of our Technical personnel. There is no special technology import involved so far, in Steel making and rolling technology.</p>

FOREIGN EXCHANGE EARNINGS & OUTGO :

<p>1) Activities relating to exports initiatives take to increase exports, development and services and export plans.</p>	<p>Company's products are recognised in the International market as conforming to stringent international standards.</p>
<p>2) Total foreign exchange used and earned.</p>	<p>Used : ₹3890 Crores. Earned : ₹1206 Crores.</p>

Annexure-C

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company is committed to attain the highest standard of Corporate Governance. It recognises that the Board is accountable to all the Stockholders for good governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make appropriate disclosure and enhanced shareholders value without compromising in anyway and in compliance with laws and regulations.

2. BOARD OF DIRECTORS:

The current policy of the Company is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate its functions of governance and management. Currently the Board of Director consists of ten(10) Directors, out of which Six (06) are Non Executive Directors, Five (05) of whom being independent.

Composition and category of Directors are as under :-

Category	Name of Directors.
Promoters/Executive Director	Sh. Neeraj Singal
Promoter Non-Executive Director & Chairman	Sh. B B Singal
Non-Promoter Executive Directors	Sh. Nittin Johari Sh. P.K. Aggarwal Sh. Rahul Sen Gupta
Independent Non-Executive Directors	Sh. Mohan Lal Sh. B.B. Tandon Sh. V.K. Mehrotra Sh. M. V. Suryanarayana
Nominee Directors	Ms. Sunita Sharma (Nominee Director LIC)

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS, LAST ANNUAL GENERAL MEETING AND NUMBER OF OTHER DIRECTORSHIP AND CHAIRMANSHIP / MEMBERSHIP OF COMMITTEE OF EACH DIRECTOR IN VARIOUS COMPANIES.

Sr. No.	Name of Directors	Attendance Particulars			No of directorships and committee membership / chairmanship of other Public Companies			Remarks
		No. of Board Meetings Held during their tenure	No. of Board Meeting Attended	Attendance at Last AGM	Other Directorships (*)	Committee Membership (*) (#)	Committee Chairmanship (*) (#)	
1.	Sh. B.B. Singal	04	04	YES	7	5	4	
2.	Sh. Neeraj Singal	04	03	YES	7	3	-	
3.	Sh. Mohan Lal	04	04	YES	2	-	-	
4.	Sh. B.B. Tandon	04	04	NO	14	10	1	
5.	Sh. M V Suryanarayana	04	04	YES	-	1	-	
6.	Sh. V.K. Mehrotra	04	04	YES	1	2	-	
7.	Smt. Sunita Sharma	04	04	NO	-	-	-	
8.	Sh. Nittin Johari	04	03	YES	1	-	-	
9.	Sh. Rahul Sen Gupta	04	04	YES	1	-	-	
10.	Sh. P.K. Aggarwal	04	04	YES	1	1	-	

(*) Excludes Directorships, Committee memberships and Committee Chairmanships of Private Limited Companies, Foreign Companies and Companies incorporated U/s 25 of the Companies Act, 1956.

(#) Committee here means Audit Committee and Shareholders / Investors Grievances Committee. Membership of Committees includes chairmanship also.

NO. OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD :

During the year 2010-2011 Four (04) Board Meetings were held on 14/05/2010, 31/07/2010, 11/11/2010 and 05/02/2011.

3. AUDIT COMMITTEE :

The Company has an Audit Committee of Directors since 28-06-1997. Presently the Committee consists of Four Directors namely (1) Sh. B.B. Tandon (2) Sh. B.B. Singal (3) Sh. M.V. Suryanarayana and (4) Sh. V.K. Mehrotra. Sh. B.B. Tandon is the Chairman of the Audit Committee.

Audit Committee has power (a) to investigate any activity within its terms of reference, (b) to seek information from any employee, (c) to obtain outside legal or other professional advice and (d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Committee conform to the provisions of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement as detailed hereunder:-

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment, re-appointment, removal of statutory auditors and fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board for approval, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management. (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchanges and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follows up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Reviewing the utilization of proceeds of funds raised by the Company.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- l. Reviewing, with the management, quarterly financial statements before submission to the Board for approval.

During the year, the committee has met four times on 14/05/2010, 31/07/2010, 11/11/2010 and 05/02/2011. Sh. B.B. Singal, Sh. B. B. Tandon, Sh. M.V. Suryanarayana and Sh. V.K. Mehrotra have attended all the four meetings of the Audit Committee.

4. REMUNERATION COMMITTEE :

This Committee has been constituted for making recommendation of Remuneration of Executive Directors of the Company. The Committee Reviews Company's Policy on specific remuneration package for the executive Directors including pension, rights, any compensation and recommend the managerial remuneration as per the policy.

COMPOSITION:

This Committee comprises of Sh. Mohan Lal, Sh. M.V. Suryanarayana, Sh. V. K. Mehrotra and Sh. B.B. Singal. Sh. Mohan Lal Non Executive director is the Chairman of the Committee. During the year the Committee met on 14.05.2010 and all the members of the Committee have attended this meeting.

Further pursuant to the amendment in Schedule XIII, Remuneration Committee was reconstituted on 07.05.2011 by inducting Ms. Sunita Sharma, nominee of LIC. Presently the Committee consists of Five Directors namely (i) Sh. Mohan Lal (ii) Sh. M.V. Suryanarayana (iii) Sh. V. K. Mehrotra (iv) Sh. B.B. Singal and (v) Ms. Sunita Sharma.

REMUNERATION POLICY:

The remuneration policy is directed towards rewarding performance based on review of achievement on a periodical basis. The remuneration policy is in consonance with the existing Industrial practice. The remuneration structure of the Executive Directors comprises of salary, perquisites and allowances, contribution to provident fund, leave encashment and gratuity.

DETAIL OF REMUNERATION PAID TO DIRECTORS :

(a) Remuneration paid to Executive Directors :

Name	Designation	Salary & Perks (₹)
Sh. Neeraj Singal	Vice Chairman and Managing Director	9,094,797
Sh. Nittin Johari	Whole-Time Director	5,576,923
Sh. Rahul Sen Gupta	Whole-Time Director	4,197,346
Sh. P.K. Aggarwal	Whole-Time Director	4,514,322
TOTAL		23,383,388

(b) Sitting fees paid to Non – Executive Directors: The Non-Executive Directors are paid sitting fees for each Meeting of the Board as well as any other committee meetings attended by them.

Name	Designation	Sitting Fees (₹)	No. of Equity shares held
Sh. B.B.Singal	Chairman	5,45,000	41558130
Sh. Mohan Lal	Director	55,000	-
Sh. V.K. Mehrotra	Director	1,05,000	-
Sh.M.V. Suryanarayana	Director	1,05,000	200
Sh. B.B. Tandon	Director	1,00,000	-
TOTAL		9,10,000	

(c) Besides salary and perks Executive Directors are entitled to the Company's contribution to provident fund, superannuation or annuity fund, leave encashment and gratuity.

(d) No Commission is paid to any Director.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:

This Committee comprises of Sh. B.B. Singal, Sh. Neeraj Singal, and Sh. P.K. Aggarwal, Directors. This Committee has been constituted for Investors Grievances, suggesting and monitoring measures to improve investors' satisfactions. Sh. B.B. Singal is the Chairman of the Committee.

The board has designated Mr. O.P. Davra as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review were 60. All the complaints were disposed off and there were no complaints pending as on March 31, 2011.

6. GENERAL BODY MEETINGS:

Location and time for the last three (03) Annual General Meetings (AGMs):

2009-10	2008-2009	2007-2008
On Saturday the 25th September 2010 at 11.00 A. M. at Airforce Auditorium, Subroto Park, New Delhi-110010	On Saturday the 26th September 2009 at 11.00 A. M. at Airforce Auditorium, Subroto Park, New Delhi-110010	On Monday the 22nd September, 2008 at 11.00 A.M. at Airforce Auditorium, Subroto Park, New Delhi-110010

Special resolutions passed by AGMs held in last three years are as below :

N.A.	Two Special resolutions were passed in AGM regarding Re-appointment of Smt. Ritu Singal as Senior Executive and Further Issuance of Securities	Two Special resolutions were passed in AGM regarding alteration of Articles of Association and Further Issuance of Securities
------	--	---

Special Resolutions passed through Postal Ballot

During the year ended 31st March 2011, the Company has conducted two postal ballot processes.

First Postal Ballot Process

Three special resolutions for the purpose of Increase in Authorised share capital consequential amendment in Memorandum of Association and Further issue of securities have been passed by the Company's shareholders through postal ballots and result of postal ballots was declared by the Chairman on 24.06.2010. The Company has complied with the provisions of Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001 while passing the Special Resolutions through postal ballots.

Detail of Voting Patterns for the resolutions:

Number of valid postal ballot forms received.		121
Resolutions	Votes in favour of	%age of Votes
i) Resolution no. 1	27735003	98.0936%
ii) Resolution no. 2	27735003	98.0936%
iii) Resolution no. 3	27735003	98.0936%
Resolutions	Votes against the resolutions	%age of Votes against the resolutions
i) Resolution no. 1	539012	1.9064%
ii) Resolution no. 2	539012	1.9064%
iii) Resolution no. 3	539012	1.9064%

Second Postal Ballot Process

Two special resolutions for the purpose of sub-division of equity share capital and consequential amendment in Memorandum of Association of the Company have been passed by the Company's shareholders through postal ballots and result of postal ballots was declared by the Chairman on 21.08.2010. The Company has complied with the provisions of Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001 while passing the Special Resolutions through postal ballots.

Detail of Voting Patterns for both the resolutions:

Number of valid postal ballot forms received.		304
Resolutions	Votes in favour of	%age of Votes
i) Resolution no. 1	27427130	99.9995%
ii) Resolution no. 2	27427075	99.9993%
Resolutions	Votes against the resolutions	%age of Votes against the resolutions
i) Resolution no. 1	26	0.0001%
ii) Resolution no. 2	26	0.0001%

Mr. R.S. Bhatia, a practicing Company Secretary appointed by the Board of Directors of the Company as the scrutinizer for conducting all the abovementioned Postal Ballot process.

Further a Notice of postal ballot dated 07-05-2011 pursuant to Section 192A (2) of the Companies Act, 1956, has been sent to the members in respect of resolutions for Further issue of Capital, Increase of Authorised share capital and consequential amendment in Memorandum of Association proposed to be passed as Special Resolutions.

- 7 (a). Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- There were no materially significant transactions with related parties which were in conflict with the interests of the Company.

(b). Detail of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

- None.

(c). The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to Audit Committee.

8. ADOPTION OF NON-MANDATORY REQUIREMENTS:

The Registered Office of the Company has a Chairman Office for Sh. B.B. Singal, non executive Chairman of the Company.

Besides mandatory requirements your Company has voluntarily constituted a Remuneration Committee to consider and recommend the remuneration of Executive Directors. The Company also endeavours to comply with other non-mandatory requirements of Clause 49 as well.

9. MEANS OF COMMUNICATION:

The Company publishes un-audited Quarterly financial results and audited annual financial results normally in "Economic Times" (English), Financial Express (English) "Business Standard" (English), "Jansatta", "Nav Bharat Times" (Hindi), and "Business Standard" (Hindi) Newspapers. The results are promptly furnished to the Stock Exchanges for display on their respective web-sites.

Both "Management Discussion & Analysis" and "Shareholder Information" form part of the Annual Report.

10. GENERAL SHAREHOLDERS INFORMATION :

(i) Annual General Meeting for the year ending 31st March, 2011 – On 14th September, 2011 at 11.00 A.M at Air Force Auditorium, Subroto Park, New Delhi – 110010.

(ii) As required under Clause 49(IV) (G) (i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment at the forthcoming Annual General Meeting (AGM) are given in the Notes to the Notice of the AGM to be held on 14th September, 2011.

(iii) Financial Year : 1st April 2011 To 31st March 2012.

Financial Reporting for the Quarter ending :

30th June, 2011	31st July, 2011
30th September, 2011	Between mid October, 2011 To mid November 2011
31st December, 2011	Between mid January, 2012 To mid February 2012
31st March, 2012	Between mid April, 2012 To mid May 2012.

Financial results of the Company are put on the Websites of Stock Exchanges as well as of Company (<http://www.bhushansteel.com>) immediately after the Board Meeting.

(iv) Date of Book Closure :

The Book closure starts from 12th September 2011 to 14th September, 2011 (both days inclusive) for the purpose of Annual declaration of dividend on equity shares for the year 2010-11 at the 28th Annual General Meeting of the Company to be held on 14th September 2011.

(v) Dividend payment date :

Within 30 days from the date of A.G.M. i.e. 14th September, 2011.

(vi) Listing of Shares:

The Equity Shares of the Company are listed on the following Stock Exchanges.

(1) Bombay Stock Exchange Ltd.

(2) National Stock Exchange of India Ltd.

Annual Listing Fee including fees for the year 2011-12 have been paid on due dates to both the Stock Exchanges i.e. BSE and NSE.

(vii) Stock Code :

(1) Bombay Stock Exchange Ltd. : 500055.

(2) National Stock Exchange of India Ltd. : BHUSANSTL.

(viii) Market Price Data :

The High and Low of the share price of the Company at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) during each month from April, 2010 to March, 2011 are given below.

Market Prices before sub-division of shares (i.e. till 20.09.2010) are as under:

(Face value of each Share: ₹10)

Date	NSE		BSE	
	High	Low	High	Low
April, 2010	1855.30	1687.00	1856.00	1689.80
May, 2010	1778.90	1340.10	1778.00	1351.25
June, 2010	1467.90	1260.15	1467.00	1260.00
July, 2010	1592.90	1381.00	1593.50	1393.00
August, 2010	1888.00	1546.20	1883.30	1540.00
Till 20th September, 2010	2164.00	1807.20	2163.70	1807.40

Equivalent Market Prices before sub-division of shares (i.e. till 20.09.2010) and Actual Market Prices after sub-division of shares are as under:

(Face value of each Share: ₹2)

Date	NSE		BSE	
	High	Low	High	Low
April, 2010	371.06	337.40	371.20	337.96
May, 2010	355.78	268.02	355.60	270.25
June, 2010	293.58	252.03	293.40	252.00
July, 2010	318.58	276.20	318.70	278.60
August, 2010	377.60	309.24	376.66	308.00
September, 2010	439.70	361.44	440.00	361.48
October, 2010	545.40	419.25	545.00	420.00
November, 2010	541.00	407.00	540.50	408.05
December, 2010	490.80	372.65	490.25	389.70
January, 2011	501.35	375.00	505.00	376.00
February, 2011	414.60	348.00	413.90	348.10
March, 2011	458.60	380.25	458.80	380.90

(ix) Share price performance in comparison to broad based indices – NSE Nifty and BSE Sensex based on share price on 31-03-2011.

During financial year 2010-2011, BSL share price was increased in NSE by 28.88% and in BSE by 23.33% as compared to increase in NSE Nifty by 11.13% and BSE Sensex by 10.76%.

(x) Registrar and Transfer Agent :

RCMC Share Registry Pvt. Ltd.

Unit : BHUSHAN STEEL LIMITED

B-106, Sector-2, NOIDA - 201301

Ph. No. 0120-4015880, Fax No. 0120-2444346

E-mail: shares@rcmcdelhi.com

(xi) Share Transfer System:

Pursuant to SEBI Circular Nos. D&CC/FITTC/CIR-15/2002 dated 27.12.2002 and D&CC/FITTC/CIR-18/2003 dated 12/02/2003, M/s. RCMC Share Registry Pvt. Ltd., which is already the Depository Interface of the Company for both NSDL & CDSL, have been appointed as Registrar and Transfer Agents (RTA) w.e.f. 31/03/2003 for all the work related to share registry in terms of both physical and electronic.

Share Transfer Committee:

It approves the transfer and transmission of securities, issuance of duplicate share certificate. This Committee comprises of Sh. P.K. Aggarwal and Sh. O.P. Davra.

Physical Mode :

Transfers of Equity shares in physical form are registered within a period of 15-20 days from the date of receipt. After the transfer, Share Certificates are immediately sent. The Equity shares of the company are to be traded compulsorily in Demat mode w.e.f. 25.09.2000.

Dematerialised Mode :

The Company's Equity Share are eligible for dematerialisation. The Company had signed Agreements with both the Depositories namely: NSDL and CDSL. The Shareholders may therefore hold Company's Share in Electronic Mode. The company's ISIN No. for both the Depositories is INE824B01021.

(xii) Distribution of Shareholding as on 31.03.2011

Sr. No.	Category	%age
1	Promoters	69.16
2	Banks, Institutions, Mutual Funds	00.79
3	Foreign Institutional Investors, NRI's	02.55
4	Others	27.50

(xiii) Dematerialisation of Shares & Liquidity:

Over 148277940 equity shares of the Company's paid up equity share capital has been dematerialized upto 31st March, 2011. Trading in equity shares of the company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India (SEBI).

(xiv) Conversion of Warrants :

There was no conversion of Warrants during the year ended 31.03.2011.

(xv) Plant locations:

- Plot No. 23, Site-IV, Sahibabad Industrial Area, Sahibabad, Distt. Ghaziabad, U.P.
- Plot 28/4, Site-IV, Sahibabad Industrial Area, Sahibabad, Distt. Ghaziabad, U.P.
- Village – Nifan, Savroli and Dehvali, Taluka-Khalapure, Distt. Raigad, (Near Khopoli), Maharashtra.
- Meramandali, Distt. Dhenkanal, Orissa.

(xvi) Transfer of unclaimed amounts to Investor Education and Protection Fund :

The investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date (as indicated in the Notes to the Notice) before crediting the same by the Company to the Investor Education and Protection Fund.

During the year under review the Company has credited a sum of ₹95967/- to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956.

11. COMMITTEE ON BORROWINGS :

The Company has a Committee of Directors on Borrowings since 26-11-1996.

Presently, the Committee consists of three Directors namely (1) Sh. B. B. Singal, (2) Sh. Neeraj Singal and (3) Sh. Nittin Johari. Sh. B.B. Singal is the Chairman of the Committee.

Thirty four (34) Nos. of Meetings of Committee of Board of Directors on Borrowings were held during the year 2010 - 2011 on 27.04.2010, 08.05.2010, 17.05.2010, 20.05.2010, 28.05.2010, 09.06.2010, 12.06.2010, 24.06.2010, 14.07.2010, 30.07.2010, 04.08.2010, 11.08.2010, 13.08.2010, 19.08.2010, 26.08.2010, 31.08.2010, 09.09.2010, 20.09.2010, 23.09.2010, 29.09.2010, 27.10.2010, 11.11.2010, 12.11.2010, 25.11.2011, 30.11.2010, 22.12.2010, 28.12.2010, 31.12.2010, 02.02.2011, 12.02.2011, 04.03.2011, 16.03.2011, 21.03.2011 and 30.03.2011

12. ADDRESS FOR CORRESPONDENCE :

Regd. Office :

Bhushan Steel Limited

F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi-110019.

Tel : 011-42295555, 42297777, Fax : 011-26478750

E-mail: investorservices@bhushansteel.com

Website : www.bhushansteel.com

Annexure-D

MANAGEMENT DISCUSSION AND ANALYSIS:

The management of Bhushan Steel Limited presents its analysis report covering performance and outlook of the Company. The report has been prepared in compliance with the Corporate Governance requirement prescribed in the Listing Agreement. The management accepts responsibility for the integrity and objectivity of the financial statements.

INDUSTRY STRUCTURE & DEVELOPMENTS

The Steel industry is divided into primary and secondary sectors. The primary sector products are Billets, Plates, Rounds and Hot Rolled Coils/Plates (HRC/HRP). These form raw material for the secondary sector, which produces value added items such as Angles, Channels, Wire Rod, Cold Rolled Coils/Sheets (CRC/CRS) and Galvanised Coils/Sheet. CR Sheet is a thinner sheet used for consumer durables like refrigerators, washing machines, automobiles, bicycles, etc. CR Sheets are used by the automobile and domestic appliances industry whereas CR strips are used in manufacturing of bicycles, drums, barrel, fabrication, furniture etc. CR Coils are mainly used for manufacturing GP/GC sheets. Bhushan Steel Limited which so far falls under secondary sector, also entered in primary sector with the setting up plant at Orissa.

Flat Products

Derived from Slabs, this category includes plates and Hot Rolled (HR) steel such as Coils/ Sheets. While plates are used for applications such as shipbuilding etc., HR Steel is the most widely used variety for steel, and other downstream flat products such as Cold Rolled (CR) Steel and Galvanised Steel are made from it.

Long products

These products derive their name from their shape. They are made by using billets and blooms and include rods, bars, pipes, ropes and wires, which are used largely by the housing/ construction sector.

Global Steel Industry

Global crude steel production reached a new height during 2010 at 1414 million metric tonnes, up by 15% over 2009. While china maintained the lead position in terms of volume of steel produced, with a growth of 9.3%, most of the negative growths seen in the steel producing nations hit by the economic downturn in 2009 reversed during 2010 and they recorded positive double digit growths during the year. The following table shows the crude steel production volume of the top ten steel producing nations.

		Figures in million tonnes		
Rank	Country	2010	2009	Change %
1.	China	626.70	573.60	9.30%
2.	Japan	109.60	87.50	25.20%
3.	United States	80.60	58.20	38.50%
4.	Russia	67.00	60.00	11.70%
5.	India	66.80	62.80	6.40%
6.	South Korea	58.50	48.60	20.30%
7.	Germany	43.80	32.70	34.10%
8.	Ukrain	33.60	29.90	12.40%
9.	Brazil	32.80	26.50	23.80%
10.	Turkey	29.00	25.30	14.60%

Source : World Steel Association

There was a recovery in the global economy in 2010 characterized by:

- Moderate growth in advanced economies, spurred by stimulus measures, private consumption which fell sharply during the crisis picked up.
- Growth in emerging and developing economies remained robust buoyed by resurgent capital inflows due to abundant global liquidity and strong domestic demand.
- Global liquidity improved, credit spreads narrowed, equity and debt capital markets opening up enabling several corporations to raise capital to meet funding requirements.

The global economy is on the recovery path while advanced economies are expected to pick up growth momentum. The emerging economies will consolidate with moderate growth as the focus is shifted to contain inflation rather than pursuing growth.

The global steel industry, like many other sectors, sailed into this decade in a largely radarless state, with different economies having been affected differently by the global financial crisis. Notwithstanding the stimulus programmes announced by various governments, the post-crisis economic situations in many developed countries have remained grim with uncertainties regarding their economic recovery and its sustenance. Given the inextricable linkage of steel with economic growth, this also meant an uncertainty in the growth of steel demand across the world and the performance of the steel industries. While China could be credited in large part for reviving the global demand for commodities after the crisis, the unpredictability of the strategies of the Chinese government and the absence of enough information about its economy has added to the uncertainty. Nonetheless, the crisis brought about some structural changes in the global steel industry, most prominently in the production pattern worldwide. Apart from China, the steel industries in the emerging economies 'emerged' decisively as hubs of activity for the future, given adequate growth opportunities in their domestic market as well as lower cost of production relative to the mature economies, which have already run their domestic market as well as lower cost of production relative to the mature economies, which have already run their course in previous decades. Among such countries, India is one of the most attractively positioned with its vast resources of iron ore and low costs underpinning its supply-side competencies, while the low per capita consumption levels and strong growth drivers in the end use sectors, facilitated by a positive all-round environment, ensure reasonably stable growth prospects for the overall steel industry.

China – an Economic Power

From the late 90's, China, through its market and social reform programmes, emerged on the world steel map and has since graduated to the largest steel player in the world. China which contributes 45% to global steel consumption and production, plays a crucial role in the global steel industry. Worldwide growth in steel demand in the past 7-8 years has been driven by robust growth in Chinese steel consumption. The previous decades was the game changeover for the Chinese steel industry, with crude steel production growing at 17% CAGR against the world average of 5% CAGR over the same period. China's dominance in the world steel production increased from 15% of the global market in 2000 to a commanding 44% in 2010.

However, economic growth slowed to 10.3% in 1QFY11 and further to 9.6% in 2QFY11 from 11.9% in Q4FY10, as China rolled back its stimulus after rebounding from the global slump and monetary tightening measures.

According to CISA's statistics, China's crude steel output reached a new high of 627 million tonnes in 2010 after the industry's average annual growth rate slowed to 12% during the 11th Five year plan period from 2006 to 2010, compared to 22.6 percent from 2001 to 2005.

INDIAN STEEL SCENARIO

Over the past decade, India has emerged as a major participant in the global steel market, both as one of the most rapidly growing consumption centers, as also a significant supply-side player to reckon with. The country is at an inflection point, where its buoyant economic situation and natural competencies promise to usher in an era of sustained high growth rates for steel industry, facilitated by the government's initiatives to create a supportive environment for its end user sectors. These are, nonetheless, tempered by uncertainties regarding the swiftness with which pending structural bottlenecks can be removed, and clarity on policy issues concerning the upstream mining sector (like land acquisition, allotment of mines, iron ore exports, etc.) can be achieved.

The drive to industrialize has made Asia the region with the world's highest steel production and highest steel demand. China and India have largely driven the growth in steel consumption and production in Asia. The Indian steel industry has expanded rapidly and diversified remarkably in the last decade, in line with the healthy growth in GDP. After witnessing a dip in FY09 to 6.7%, India's GDP growth rose to 7.4% in FY10. India has been one of fastest growing steel markets in the world in recent times, its apparent consumption of steel having grown at a compounded annual growth rate (CAGR) of 7.8% over the period FY2005 to FY2010. In the

first six months of 2010-11, the consumption grew by 9.8% over the corresponding figure in previous year. Nonetheless, India's per capita steel consumption is significantly lower than other major steel consuming nations.

Over the period 2003-09, the per capita consumption of steel in India has improved from 31 Kg per annum to 48 Kg per annum, a CAGR of 7.3%. However, the level is still substantially lower than China (410) and the developed countries (US: 187; EU: 214 and JAPAN: 419).

SECTORAL DRIVERS

The growth in steel demand in India is being driven by the country's economic growth, which in turn is largely being influenced by the Government's spending on infrastructure development, growth in the real estate sector and continued firmness in the demand from other steel-consuming sectors like capital good, automobile and consumer durables. The country's Index of Industrial Production (IIP) has grown at an annualized rate of 8.8% as seen in figure 10, and steel production has also been increasing simultaneously.

The country's overall steel consumption is distributed across various sectors. However, while flat steel products are more equitably distributed among automotive, infrastructure, steel pipes and construction, the use of long steel products is concentrated mainly in real estate and infrastructure sectors.

Challenges for the Indian Steel Industry

Iron ore: Although, India has the world's 8th largest reserve of iron ore and is the 4th largest iron ore producer globally, it exports about 54% of its production to other steel making nations - draining the nation of this precious natural resource and simultaneously importing steel from other countries. Since iron ore mines are not allotted to steel producers or approval for mining leases are delayed inordinately for value addition, no meaningful investment on the ground in the steel sector is happening to add new steel capacities.

Coking coal: A primary ingredient for steel making, is in short supply. It accounts for only 12% of India's total coal reserves. Further, government delays in allotting coal blocks for captive consumption by steel manufacturers is severely impacting the competitive edge of the Indian steel sector. India's coking coal imports surged 39% between 2009-10 to 2010-11. This reflects the import dependency of 62% in 2010-11. The import of coking coal is expected to go up to 42 MnT by 2011-12 from the current level of 32 MnT. As an alternative solution, Indian steel producers acquired or on the lookout to acquire coal assets globally. As the operationalization of these assets takes considerable time, steel producers are beset with the problem of shortage of coking coal and they are constrained to import most of this coking coal requirement at exorbitant prices.

Water: 1 tonne of steel production requires around 2.6 cubic metres of water, depending upon recycling of efficiency levels. Accordingly, water as a resource, is immensely significant for producing steel.

Logistics: Every 1 tonne of steel generates a traffic of around 5 tonnes including the inbound and outbound material flow. Accordingly, logistic infrastructure is of immense importance for the Indian steel sector for a number of reasons 1) raw material needs to be met largely through imports, 2) steel consumption is widely dispersed across the country involving transportation of finished steel to consumption locations and 3) high logistics costs make transportation a huge challenge. The Indian railway network is inadequate; rakes are in short supply and port infrastructure is unable to cope up with increased volumes. Increasing fuel prices makes road transport costs prohibitive.

Expansion clearances: Land allocation, Mining leases, Environment and Forest clearances and Infrastructure connectivity for Greenfield expansions remain the major challenges impacting the creation of new capacities.

Product development: India's steel industry expenditure in R&D is still below 1% of its total turnover. As the economy matures there is a growing need for special grades of steel like Boiler quality, API, Auto grade, requiring greater attention on technology and R & D.

Based on the recommendations of the Working Group on Steel Industry, a new scheme i.e., Scheme for Promotion of R&D in Iron and Steel Sector has begun with an outlay of Rs. 118 crores for the 11th Five Year plan. Under this scheme, R&D is being pursued in three major areas namely:

- * Development of innovative/path breaking technologies.
- * Beneficiation and utilising of Indian iron ore fines and non-coking coal.
- * Improvement of steel quality produced through induction furnace route.

Environment: Environment management and energy efficiency constitute an important benchmark for assessing any sector or company performance, both globally and in India. The Ministry of Steel through various schemes and regulations by the government is facilitating reduction in energy consumption and emission levels.

Bhushan Steel Limited has taken steps in each of these areas to remain competitive.

COMPANY'S PROSPECTS

The company is on steel growth trajectory, led by strong volume growth and backward integration:

The company commenced the implementation of its integrated steel plant at Meramandali, Orissa in January 2005 as a backward integration to produce HR Coils in phased manner. The Phase I of the Green field integrated steel plant started commercial production in 2007 with production facilities of Billets (300000 tpa), and power plant (110 MW). The phase II of the project has been completely installed with the production capacity of Hot Roll Coil Mill (1.90 Mtpa). With the start up of HR plant of 1.9 MTPA at Orissa the company's dependence on others to supply us primary steel ended up resulting in full control of margins.

With the Orissa expansion project, the company is transforming from steel converter to a primary steel producer, with capacity of 4.7 MTPA by FY 2013 and with the commissioning of the phase I and phase II (Blast Furnace and HRC mill) at Orissa in March 2010, FY 2011 was the first year of primary steel making. BSL also enjoys the distinction of being the only company in India, which has been successful in setting up a Greenfield project in the past decades.

Most Modern integrated steel & Power Complex:

- Deploys best available technologies, thereby enabling Bhushan Steel to produce:
 - Auto Grade HR Coil for the first time in India.
 - Technical assistance from Sumitomo Metals, Japan.
 - Allocation of captive mines for iron ore, thermal coal and coking coal.

The Company's Brownfield project Phase III at Orissa is scheduled for completion in October 2012 which is envisaging setting up of 2.5 MTPA HRC Capacity in addition to Phase II capacity to ensure optimum utilization of infrastructure and resources at the existing plant to utilize the full capacity of Hot Rolling (HR) mill being implemented. The total HRC of the company shall be 4.4 MTPA once the project will be completed.

The Company has been allocated Iron Ore Mines and Coal Mines by the Orissa Government. The work on these has been started and the mines are likely to be operational within 2 – 3 years. The Company has also acquired sizeable stake in Bowen Energy Ltd, Australia, which has the license for exploring coking coal mines in Queensland, Australia. Thus, going forward the Company is expected to improve the profitability.

PERFORMANCE

The company is engaged in Steel business, which is context of Accounting Standard (AS)-17 issued by the institute of Chartered Accountants of India is considered the only business segment. The overall operational performance of the company has been much satisfactory during the year. The plants have operated optimally during the year and there were no major break downs or shutdowns. Brief performance of the Company is as follows:

Particulars	FY 2010-11	FY 2009-10	Variation
Turnover	7576.28	6003.07	1573.21
PBDIT	2099.91	1570.51	529.39
Interest and Financial Charges	446.41	210.01	236.40
Cash Profit	1379.29	1164.80	214.49
Depreciation	277.84	209.14	68.70
Profit Before Tax	1375.65	1151.36	224.29

(₹ in Crores)

RISKS AND CONCERNS

Input Risk

Rising cost of raw materials may impact margins/ profitability. With rising cost of raw materials such as iron ore and coking coal/coke, access to captive raw materials has become critical for steel manufacturers.

The major raw materials required for the project are iron ore fines and coal. The plant is located in an area where iron ore fines are easily available at reasonable rates from various private mine owners.

The Company currently procures coal through linkages and daily 'e-auctions' organized by Coal India Limited and its subsidiaries. The company also imports coal from Australia and South Africa.

The coal mine at New Patrapara has approximate 325 million tonnes of reserves. The mine is expected to be operational in next 2 – 3 years.

The Iron ore mines having reserve about 200 Million Tonnes to meet the requirement of the Company for a period of 25 years has been allotted by the Government and the work has begun and expected to be operational in next 2-3 years.

The Company has also acquired sizeable stake in Bowen Energy Ltd, Australia, which has the license for exploring coking coal mines in Queensland, Australia.

Thus going forward, the company shall use its own coking coal and Iron ore for captive consumption and mitigate the input risk.

INTERNAL CONTROL SYSTEM

A strong internal control system with flexibility always helps the management to implement its object and the company always gives priority to it to achieve the following objectives:-

1. Efficiency of operation
2. Accuracy and promptness of financial reporting
3. Safeguard of Company assets
4. Compliance with laid down policies and procedures.
5. Compliance with rule and regulations.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONSHIP

Industrial and employee relations with the Company remain cordial throughout the year. It has been with the fulfillment of our market commitments, prompt communication, participation in social activities and to provide challenging and safe working atmosphere in the company, wherein every employee can develop his own strength and deliver his expertise in the interest of the Company.

Board of Director on record thanks to all of the employees for their valuable contribution towards the growth of the company. As on 31 March 2011, the total employee strength was 5326.

Bhushan Steel encourages individuals to go beyond the scope of their work, undertake voluntary projects that enable to learn and contribute innovative ideas in meeting goals of the company.

Annexure-E

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

This is to inform you that the company has adopted Code of Business Conduct and Ethics for its employees including the Managing Director/ whole-time Directors/ Non-executive Directors. The said Code is posted on the Company's website.

I confirm that the Company has in respect of the Financial year ended 31st march, 2011 received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Business Conduct and Ethics as applicable to them.

For the purpose of this declaration, Senior Management team means the members of the Management one level below the Managing Director as on 31st March, 2011.

Place : New Delhi
Date : 29.07.2011

Neeraj Singal
Managing Director

Annexure-F

AUDITORS' REPORT ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Bhushan Steel Limited, for the year ended 31/03/2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange (s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

On the basis of representation received from Registrars and share transfer Agents and as per the records maintained by the Company which are presented to the shareholders / Investor Grievance Committee, we state that during the year ended 31st March, 2011, no investor grievances were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **MEHRA GOEL & CO.,**
CHARTERED ACCOUNTANTS
Sd/-

(GEETIKA MEHRA)
PARTNER
M.NO. 510525

Place : New Delhi
Dated : July 29, 2011

Auditors' Report

To
The Shareholders of
BHUSHAN STEEL LIMITED

We have audited the attached Balance Sheet of BHUSHAN STEEL LIMITED as on 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the accounts, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by the report comply with the requirements of Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
Partner
M.No. 6102

Place : New Delhi
Dated : July 29, 2011

ANNEXURE

(Referred to in paragraph 1 of our report of even date)

- i) In Respect of its Fixed Assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Fixed Assets covering significant value were physically verified during the year by the Management at such intervals which in our opinion, provides for the physical verification of all the Fixed Assets at reasonable interval having regard to the size of the Company and nature of its business. According to the information and explanations given to us by the Management, no material discrepancies have been noticed on such verification.
 - c) No substantial part of fixed assets have been disposed off during the year.
- ii) In Respect of its Inventory:
 - a) As per information & explanations given to us, the inventory of finished goods, semi-finished goods and raw material at works were during the year physically verified by the management. In respect of Stores and Spare Parts and stock at yards in the custody of the third party and stocks in transit were verified with the confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories of the Company followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories, no material discrepancies were noticed on such physical verification.
- iii) In our opinion and according to information & explanations given to us, the company has not taken/granted any loans, secured or unsecured from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, having regard to explanation that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our Audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us.
 - a) The particular of contracts or arrangements referred to Section 301 that needed to be entered in the register maintained under the said Section have been so entered.
 - b) Where each of such transaction is in excess of ₹5 Lacs in respect of any party, the transaction have been made at a price which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi) To the best of our knowledge, the company has not accepted any deposits covered under section 58A and 58AA or any other provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and the nature of its business.
- viii) To the best of our knowledge, the Central Government has prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, which have been maintained by the company and these have been broadly reviewed by us and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- ix) According to the information and explanations given to us, in respect of statutory dues.
 - a) The Company has generally been regular in depositing undisputed dues including Provident Fund, Investors' Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues applicable to it with the appropriate authorities.

- b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Excise Duty, Cess, and other Material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they become payable.
- c) The disputed statutory dues aggregating ₹23228.45 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which amount related	Forum where dispute is pending
The Central Excise Act, 1944	Differential Duty on material supplied to earthquake victims	0.31	F.Y. 2001-02	Commissioner CESTAT
	Seizure	0.60	Jan. 2002	High Court, Allahabad
	Job work challan	0.50	Oct.2000 to Nov.2000	High Court, Allahabad
	Modvat on Welding Electrodes	0.40 0.46	April – May 1998	High Court, Allahabad
	Demand of Excise duty, refunded by the authorities, on returned of Imported Capital Goods	0.52	Sept.2003	High Court, Allahabad
	Modvat on Tank Fitted on Trailer for Temporary storage used in emergency	2.16	Jan.1999	Commissioner CESTAT
	Rejection of Cenvet credit on steel, cement, welding electrodes, sleepers, fuel oil etc.	14355.74	Aug, 2005 to July, 2009	CESTAT (Kolkatta) & Commissioner(A)
		113.11	Oct, 2003 to Sep, 2005	CESTAT
	Rejection of Cenvet Credit on HR Coils used for manufacture of HR Sheets etc.	353.06	Mar, 2005 to Jan, 2010	Appeal under preperation
	Duty Demanded without considering credit and abatement of freight	257.10	July, 2001 to May, 2003	Commissioner(A)
	Duty Demanded on account of Under valuation	1259.80	Oct, 1996 to Sep, 2000	CESTAT
	Demand of Excise Duty on removal of Zinc Dross and Ash	391.76	Dec, 2006 to Feb, 2009	CESTAT
	Rejection of Cenvat credit on Capital Goods	90.43	F.Y. 2001-2002 & F.Y. 2002-2003	CESTAT
		0.72	F.Y. 2007-2008	Commissioner(A)
Service Tax	Service Tax on import of service	653.69	Dec, 2005 to Aug, 2008	CESTAT
	Service Tax on Export of Goods by CHA & others	52.33	Dec, 2004 to Nov, 2007	CESTAT
		40.60	May, 2005 to Mar, 2010	CCE(A)
Sales Tax	Penalty on Trade Tax (Net of ₹0.38 Lacs paid under protest)	0.75	F.Y.1993-1994	Tribunal Trade Tax Ghaziabad
Entry Tax	Entry Tax (Net of ₹1290 Lacs paid under protest)	5654.41	Various year up to 31st March, 2011	Supreme Court

- x) The Company has no brought forward losses and has not incurred any cash losses during the financial year covered by our Audit and in the immediate preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.
- xii) On the basis of verification of accounts and records maintained by the Company and to the best of our knowledge and belief, the Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- xiv) To the best of our knowledge and according to information given to us, the Company is not a dealer or trader in securities. The Company has invested in marketable securities and mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts, and timely entries have been made therein. The investments in marketable securities and mutual funds have been held by the Company in its own name.
- xv) To the best of our knowledge and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks/ Financial Institutions.
- xvi) To the best of our knowledge and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained, other than temporary deployment pending application.
- xvii) In our opinion and according to the information and explanations given to us and on an overall examination of Balance Sheet, we report that no funds raised on short term basis have not been used during the year for long term investments.
- xviii) According to the information and explanations given to us, the Company has made preferential allotment of Preference Shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion and according to information and explanations given to us, the price, at which Preference Shares have been issued, is not prejudicial to the interest of the Company.
- xix) To the best of our knowledge and according to the information and explanations given to us, the Company has created securities/ charges as on the date of our report, in respect of Secured Debentures issued to the satisfaction of the Trustee of the Debentures.
- xx) According to the information and explanations given to us, the Company has not raised any money by Public Issue during the year.
- xxi) Based upon the audit procedure performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
Partner
M.No. 6102

Place : New Delhi
Dated : July 29, 2011

Balance Sheet as at 31st March, 2011

(₹ in Lacs)

	Schedule No.	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	1	11115.77	7915.47
Reserves & Surplus	2	578525.11	391251.59
		589640.88	399167.06
Loan Funds			
Secured Loans	3	1239185.17	832696.00
Unsecured Loans	4	420078.33	307714.53
		1659263.50	1140410.53
Deferred Tax Liability (Net) (Refer Note No.13 of Schedule 17)		69831.83	32953.82
Total		2318736.21	1572531.41
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	5	1442440.30	368589.43
Less: Depreciation		185810.83	160657.03
Net Block		1256629.47	207932.40
Capital Work in Progress		739321.48	1110932.50
		1995950.95	1318864.90
Investments			
	6	27773.03	37004.46
Current Assets, Loans & Advances			
Inventories	7	316840.55	196267.17
Sundry Debtors	8	48353.31	73392.31
Cash & Bank Balances	9	3507.90	12019.78
Loans & Advances	10	133067.77	95341.57
		501769.53	377020.83
Less :Current Liabilities & Provisions			
Current Liabilities	11	201915.25	156713.36
Provisions	12	4842.05	3645.42
		206757.30	160358.78
Net Current Assets		295012.23	216662.05
Total		2318736.21	1572531.41
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Place: New Delhi
Dated: July 29, 2011

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

**BHUSHAN**

Profit and Loss Account for the year ended 31st March, 2011

(₹ in Lacs)

	Schedule No.	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Sales of Products		754347.45	597398.64
Less: Excise Duty		<u>57581.78</u>	<u>36271.77</u>
Export Incentives		3280.58	2908.16
Other Income	13	6951.28	11777.66
TOTAL INCOME		706997.53	575812.69
EXPENDITURE			
Manufacturing & Other Expenses	14	497006.87	418761.43
Profit Before Interest, Depreciation and Tax		209990.66	157051.26
Interest & Financial Charges	15	44641.08	21001.21
Profit Before Depreciation and Tax		165349.58	136050.05
Depreciation		27784.53	20913.56
Profit Before Tax		137565.05	115136.49
Less: - Income Tax			
- Current Tax		27420.75	19570.00
- MAT Credit Utilised/(Available for Setoff)		<u>(27242.30)</u>	2665.00
- Deferred Tax		<u>36878.01</u>	8321.83
Profit After Tax		100508.59	84579.66
Profit Brought Forward from Previous Year		7208.33	7318.24
Profit Available For Appropriation		107716.92	91897.90
APPROPRIATIONS			
Proposed Dividend on Equity shares		1061.79	1061.79
Proposed Dividend on Preference Shares		370.14	23.31
Provision For Dividend Tax		232.30	180.22
Transferred to Debenture Redemption Reserve		5475.00	1975.00
Release from Debenture Redemption Reserve		(1000.00)	-
Transferred to General Reserve		101200.00	81449.25
Balance Carried Forward to Balance Sheet		<u>377.69</u>	<u>7208.33</u>
		107716.92	91897.90
Basic Earning Per Share (₹)		47.13	39.82
Diluted Earning Per Share (₹)		47.13	39.82
Nominal Value of Share (₹)		2.00	2.00
(Refer Note No.15 of Schedule17)			
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

For **MEHRA GOEL & CO.**

Chartered Accountants

(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102Sd/-
B.B. SINGAL
CHAIRMANSd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTORPlace: New Delhi
Dated: July 29, 2011Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Cash Flow Statement for the year ended 31st March, 2011

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	137565.05	115136.49
Adjustments for :		
Depreciation	27784.53	20913.56
Provisions (Retirement Benefits)	426.92	188.21
Interest & Financial Charges	44641.08	21001.21
Interest/Dividend Income on Investment	(462.75)	(263.77)
Interest Income (others)	(1781.16)	(2398.43)
Profit on Sale of Investment	(156.76)	(0.21)
Loss / (Profit) on Sale of Fixed Assets	(154.64)	(131.55)
Provision for Doubtful Debts	204.32	287.32
Loss / (Gain) on Exchange Rate Change	2581.45	(3511.88)
Sales Tax Subsidy	4120.46	2383.82
Operating Profit Before Working Capital Changes	77203.45	38468.28
Operating Profit Before Working Capital Changes	214768.50	153604.77
Adjustments for :		
Increase(-) / Decrease in Inventories	(120573.38)	(73231.28)
Increase(-) / Decrease in Other Receivables	24840.84	(11708.77)
Increase(-) / Decrease in Loans & Advances	(10500.91)	(21079.60)
Increase / Decrease(-) in Trade Payables	23727.48	10726.96
Cash Flow from Operating Activities	132262.53	58312.08
Direct Tax Paid (Net of Refund)	(27192.58)	(18607.93)
Net Cash Flow from Operating Activities (A)	105069.95	39704.15
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(564404.73)	(290274.80)
Sale of Fixed Assets	190.28	148.48
Purchase of / Adv.for Investments in subsidiary /joint venture	(5171.51)	(3787.56)
Purchase of Investment – Others	(35422.52)	(22608.64)
Sale of Investments	50630.18	500.21
Interest Income	2382.80	2399.79
Dividend Income	45.70	5.37
Net Cash Used In Investing Activities (B)	(551749.80)	(313617.15)

**BHUSHAN**

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest & Financial Charges Paid	(161213.97)	(101651.28)
Proceeds From Cash Credit from Banks(Net)	27768.44	6865.64
Proceeds From Other Borrowings	485229.77	299376.98
Proceeds From Share / Share Application Money	87509.00	70005.00
Dividend Paid	(945.05)	(919.93)
Dividend Tax Paid	(180.22)	(180.45)
Net Cash Flow From Financing Activities (C)	438167.97	273495.96
Net Increase in Cash and Cash Equivalents (A+B+C)	(8511.88)	(417.04)
Opening Balances of Cash and Cash Equivalents	12019.78	12436.82
Closing Balances of Cash and Cash Equivalents	3507.90	12019.78

Note:-

- The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard (AS) - 3 on 'Cash Flow Statement'.
- Cash and Cash equivalents include ₹820.72 Lacs (Previous Year ₹680.67 Lacs) in respect of unclaimed dividend, the balance of which is not available to the Company
- Figures in brackets represent cash out flow.

As per our report of even date attached

For **MEHRA GOEL & CO.**

Chartered Accountants

(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Place: New Delhi
Dated: July 29, 2011

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Schedules forming part of the Accounts

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-1 SHARE CAPITAL		
Authorised		
40,00,00,000 Equity Shares of ₹2/- Each (Previous Year 8,00,00,000 Equity Shares of ₹10/- Each)	8000.00	8000.00
70,00,000 (Previous Year 45,00,000) Preference Shares of ₹100/- Each	7000.00	4500.00
	15000.00	12500.00
Issued		
21,64,48,000* Equity Shares of ₹2/- Each (Previous Year 4,32,89,600 Equity Shares of ₹10/- Each)	4328.96	4328.96
51,68,600 (Previous Year 36,68,300) 10% Redeemable Cumulative Preference Shares of ₹100/- each	5168.60	3668.30
9,00,000 (Previous Year Nil) 4% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	900.00	-
8,00,000 (Previous Year Nil) 25% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	800.00	-
	11197.56	7997.26
Subscribed & Paid Up		
21,23,58,310* Equity Shares of ₹2/- Each (Previous Year 4,24,71,662* Equity Shares of ₹10/- each) fully paid up	4247.17	4247.17
51,68,600 (Previous Year 36,68,300) 10% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	5168.60	3668.30
9,00,000 (Previous Year Nil) 4% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	900.00	-
8,00,000 (Previous Year Nil) 25% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	800.00	-
	11115.77	7915.47
*[Of the above, 10,47,74,600 (Previous Year 2,09,54,920) Equity Shares were allotted on conversion of Debentures]		
SCHEDULE-2 RESERVES & SURPLUS		
Capital Reserve:		
At Commencement of the year	2428.70	44.88
Add : Addition during the year	4120.46	2383.82
	6549.16	2428.70
Debenture Redemption Reserve :		
At Commencement of the year	7400.00	5425.00
Add : From Profit & Loss Account	5475.00	1975.00
	12875.00	7400.00
Less : To Profit & Loss Account	1000.00	-
	11875.00	7400.00
Securities Premium Account:		
At Commencement of the year	131814.56	25433.86
Add : Addition during the Year	84308.70	106380.70
	216123.26	131814.56
General Reserve:		
At Commencement of the year	242400.00	160950.75
Add : From Profit & Loss Account	101200.00	81449.25
	343600.00	242400.00
Surplus as per Profit & Loss Account	377.69	7208.33
	578525.11	391251.59

**BHUSHAN**

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-3 SECURED LOANS		
Debentures		
60 8.15 % Redeemable Non Convertible Debentures of ₹100 Lac each {See Foot Note No.1 & 6}	4000.00	6000.00
1000 10.20 % Redeemable Non Convertible Debentures of ₹10 Lac each {See Foot Note No.2 & 6}	10000.00	10000.00
3000 (Previous Year Nil) 10.50 % Redeemable Non Convertible Debentures of ₹10 Lac each {See Foot Note No.3 & 6}	30000.00	-
100 12 % Redeemable Non Convertible Debentures of ₹100 Lac each {See Foot Note No.4 & 7}	10000.00	10000.00
1750 (Previous Year Nil) 10.90 % Redeemable Non Convertible Debentures of ₹10 Lac each {See Foot Note No.5 & 6}	17500.00	-
	71500.00	26000.00
Cash Credit (See Foot Note No.8)		
From Banks		
a) Foreign Currency Loans	41909.19	6454.91
b) Rupee Loans	39259.57	46945.41
	81168.76	53400.32
Term Loan (See Foot Note No.9)		
1. From Banks		
a) Foreign Currency Loans	334508.52	175835.80
b) Rupee Loans	739017.84	560541.26
	1073526.36	736377.06
2. From Financial Institutions		
Rupee Loans	12942.80	16914.24
	47.25	4.38
Vehicle Loan from Bank (See Foot Note No.10)		
	1239185.17	832696.00

The amount of loan includes interest due and accrued thereon.

Foot Note:

- (1) 8.15% Redeemable Non-Convertible Debentures are redeemable at par in three equal annual installments commencing from 4th year from the date of disbursement i.e.24.04.2006. ₹33.33Lacs (Previous Year Nil) per Debenture have been redeemed during the year.
- (2) 10.20% Redeemable Non-Convertible Debentures are redeemable at par in one bullet payment at the end of 7th year from the date of allotment i.e.26.03.2007.
- (3) 10.50 % Redeemable Non-Convertible Debentures are redeemable at par in three equal annual installments commencing from the end of 6th year from the date of allotment i.e.13.08.2010.
- (4) 12% Redeemable Non-Convertible Debentures (subordinate debt) are redeemable at par in one bullet payment at the end of 10th year from the date of allotment i.e.31.03.2008.
- (5) 10.90 % Redeemable Non-Convertible Debentures are redeemable at par in Four equal annual installments commencing from the end of 5th year from the deemed date of allotment i.e.26.08.2010.
- (6) Secured by first charge on pari passu basis inter-se on the fixed assets of the Company.
- (7) Secured by Subsequent and subservient charge by way of hypothecation on the present and future assets of the company so as to maintain minimum asset coverage of 1.25 times, throughout the currency of the Debentures. Debentures are further secured by pledge of Equity Shares of Bhushan Steel Limited, having market value not less than 1.5 times of loans, held by promoters/ promoter entities, and Personal Guarantee of two promoter directors.
- (8) Secured by hypothecation of stocks & book debts, second charge on company's land, building and other immovable properties ranking pari passu inter-se, personal guarantee of two promoter directors.
- (9) Secured by mortgage of land & building and charge on all of the company's immovable & movable properties (except book debts) both present and future including movable machinery, spares, tools & accessories, ranking pari passu inter-se, with the trustee of Debentures holders subject to prior charges created in favour of banks on stocks etc. for securing borrowing for working capital requirement, except ₹180368 Lacs (Previous Year ₹118277 Lacs) secured by subsequent and subservient charge on movable assets. The above includes ₹105599 Lacs (Previous Year ₹104955 Lacs) on which security by way of mortgage of land & building and charges on all the company's immovable properties is yet to be created. Out of these loans ₹846422 Lacs (Previous Year ₹572098 Lacs) is guaranteed by personal guarantee of two promoter directors and ₹240047 Lacs (Previous Year ₹171119 Lacs) is guaranteed by personal guarantee of one promoter director. Foreign currency loans include ECA loans of ₹146366 Lacs (Previous Year ₹121171 Lacs) secured by specific charge on the assets financed and personal guarantee of two promoter directors.
- (10) Secured by hypothecation of specific assets.

Schedules forming part of the Accounts

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-4 UNSECURED LOANS		
Rupee Loans From Banks		
- Term Loan / Commercial Paper *	262079.04	180465.31
Foreign Currency Loans:		
- From Foreign Banks **	117412.03	112194.71
- From Indian Banks	39210.71	13440.00
- From Others	1376.55	1614.51
	157999.29	127249.22
	420078.33	307714.53

The amount of loan includes interest due and accrued thereon.

* Including Commercial Paper ₹ 58500 Lacs (Previous Year ₹ 10000 Lacs), maximum balance of Commercial Paper outstanding during the year ₹ 70000 Lacs (Previous Year ₹ 20000 Lacs), and are personally guaranteed by two Promoter Directors.

** ₹ 98820 Lacs (Previous Year ₹ 101730 Lacs), personally guaranteed by two promoter directors.

SCHEDULE-5 FIXED ASSETS

(₹ in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost as at 01.04.2010	Addition During the Year	Sale During the Year	Adjustment During the Year	Cost as at 31.03.2011	As at 01.04.2010	During the Year	Written Back During the Year	Adjustment During the Year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets												
Freehold Land	14817.45	1909.10	-	-	16726.55	-	-	-	-	-	16726.55	14817.45
Leasehold Land	7177.64	1976.86	-	-	9154.50	131.27	14.67	-	-	145.94	9008.56	7046.37
Building	76731.67	188272.72	3.27	349.62	264651.50	10458.44	4946.08	1.66	349.62	15053.24	249598.26	66273.23
Railway Siding	27.50	20847.12	-	-	20874.62	2.68	484.22	-	-	486.90	20387.72	24.82
Plant & Machinery	262851.74	861527.28	694.88	3384.38	1120299.76	146190.20	20764.00	680.39	3384.38	162889.43	957410.33	116661.54
Furniture & Fixtures	1296.13	125.40	-	-	1421.53	718.64	118.62	-	-	837.26	584.27	577.49
Vehicles	4168.77	1011.44	84.23	-	5095.98	1901.98	405.16	64.69	-	2242.45	2853.53	2266.79
Intangible Assets												
Computer Software	420.96	63.69	-	-	484.65	385.36	39.04	-	-	424.40	60.25	35.60
Assets Not Owned by Company	1097.57	2633.64	-	-	3731.21	868.46	2862.75	-	-	3731.21	-	229.11
Total	368589.43	1078367.25	782.38	3734.00	1442440.30	160657.03	29634.54	746.74	3734.00	185810.83	1256629.47	207932.40
Previous Year	328185.93	41149.41	745.91	-	368589.43	139588.87	21797.14	728.98	-	160657.03		
Capital Work in Progress [Includes Pre-operative expenses and advances to suppliers unsecured considered good]											739321.48	1110932.50
											1995950.95	1318864.90

NOTES:

1. Certain Buildings under possession of the Company are pending registration in the name of the Company.
2. No write off has been done for leasehold land acquired on lease of 90 years and more.
3. Addition to Plant & Machinery and Capital Work In Progress includes Adjustment on account of loss (Previous Year gain) of foreign exchange fluctuation for the year ₹ 8046.82 Lacs (Previous Year ₹ 31119.58 Lacs).
4. Depreciation for the year includes ₹ 1850.01 Lacs (Previous Year ₹ 883.58 Lacs) charged to capital work in progress.
5. Adjustment During the year includes ₹ 3734.00 Lacs (Previous Year Nil) amount of depreciation capitalised.



BHUSHAN

(₹ in Lacs)

As at
31.03.2011

As at
31.03.2010

SCHEDULE-6 INVESTMENTS

LONG TERM INVESTMENTS (FULLY PAID)

NON TRADE (AT COST)

QUOTED

Tata Steel Ltd.

13,500 Equity Shares of ₹10/- each 58.08 58.08

Sequent Scientific Ltd.

(Earlier Known as P I Drugs & Pharmaceuticals Ltd.)

62,000 Equity Shares of ₹10/- each 43.58 43.58

101.66

101.66

UNQUOTED

Jawahar Credit & Holdings Limited

43,21,871 Equity Shares of ₹10/- each 940.31 940.31

Bhushan Capital & Credit Services Limited

43,21,871 Equity Shares of ₹10/- each 940.31 940.31

Bhushan Buildwell Pvt. Ltd.

4,900 Equity Shares of ₹10/- each 0.49 0.49

1881.11

1881.11

TRADE (AT COST)

UNQUOTED

Bhushan Energy Limited

3,00,00,000 Equity Shares of ₹10/- each 10500.00 10500.00

Andal East Coal Company Pvt. Ltd.

3,30,000(Previous Year 2,05,000)
Equity Shares of ₹10/- each 145.50 20.50

Saraswat Co-operative Bank Ltd.

2,500 (Previous Year Nil) Equity Shares of ₹10/- each 0.25 -

In Subsidiaries

Bhushan Steel (Australia) Pty. Ltd.

75,70,100 (Previous Year 39,99,929)
Equity Shares of One AUD Per Share 2653.19 1430.30

Bhushan Steel Global FZE

One Equity Share of One Million Dirhams 111.53 111.53

Bhushan Steel Madhya Bharat Limited

50,000 (Previous Year Nil) Equity Shares of ₹10/- each 5.00 -

Bhushan Steel (Orissa) Limited

50,000 (Previous Year Nil) Equity Shares of ₹10/- each 5.00 -

Bhushan Steel Bengal Limited

50,000 (Previous Year Nil) Equity Shares of ₹10/- each 5.00 -

Bhushan Steel (South) Limited

50,000 (Previous Year Nil) Equity Shares of ₹10/- each 5.00 -

13430.47

15413.24

12062.33

14045.10

Schedules forming part of the Accounts

(₹ in Lacs)

	As at 31.03.2011		As at 31.03.2010	
SCHEDULE-6 INVESTMENTS (Contd.)				
CURRENT INVESTMENTS (FULLY PAID)				
NON TRADE				
QUOTED				
LIC MF Liquid Fund - Dividend Plan				
Nil (Previous Year 136639865.502) Units	-		15003.19	
UNQUOTED				
Indusind Bank Limited				
250 Redeemable Non Convertible Bonds of ₹10,00,000/- each	2475.00	2475.00	2475.00	17478.19
		17888.24		31523.29
ADVANCE FOR SHARE CAPITAL				
In Subsidiaries				
Bhushan Steel (Australia) Pty. Ltd.				
Share Application Money	5884.79		5081.17	
Bhushan Steel (South) Limited				
Share Application Money	3000.00	8884.79	-	5081.17
In Others				
Angul Sukinda Railway Ltd.				
Share Application Money		1000.00		400.00
TOTAL		27773.03		37004.46
Aggregate Value of	Book Value	Market Value	Book Value	Market Value
Quoted Investment	101.66	134.51	15104.85	15173.11
Unquoted Investment	17786.58	-	16418.44	-
SCHEDULE-7 INVENTORIES				
Raw Material		174423.54		107509.42
Finished Goods		79296.48		39775.54
Work-in-Progress		38490.26		31335.83
Stores		23450.34		16966.44
Scrap		1179.93		679.94
		316840.55		196267.17
SCHEDULE-8 SUNDRY DEBTORS				
(Unsecured)				
Outstanding for a Period exceeding Six Months				
- Considered Good		5809.34		6145.49
- Considered Doubtful		932.69		728.37
		6742.03		6873.86
Less: Provision		932.69		728.37
		5809.34		6145.49
Others - Considered Good		42543.97		67246.82
		48353.31		73392.31

**BHUSHAN**

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-9 CASH & BANK BALANCES		
Cash on Hand	64.50	64.15
Balances with Scheduled Banks		
- In Current Accounts	2898.54	9978.30
- In Deposit Accounts*	544.86	1977.33
(Including interest accrued but not due)		
*{Including ₹8.57 Lacs (Previous year ₹776.06 Lacs under bank lien)}	3507.90	12019.78
SCHEDULE-10 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	48395.73	36013.22
Inter Corporate Deposit (Including Interest Accrued)	7923.80	10050.00
Security Deposits	6294.24	2125.31
MAT Recoverable	27242.30	-
Balance with Excise Department	15.72	24.21
Excise Duty Recoverable / Service Tax Recoverable	43195.98	47128.83
	133067.77	95341.57
SCHEDULE-11 CURRENT LIABILITIES		
Sundry Creditors	112535.49	97851.95
Creditors for Capital Goods/ Expenditure	84060.25	55563.48
Unclaimed Dividend *	820.72	680.67
Due to Directors	6.66	5.45
Interest Accrued but not Due	4492.13	2611.81
	201915.25	156713.36
* These figures do not include any amounts, due and outstanding, to be credited to Investors' Education and Protection Fund.		
SCHEDULE-12 PROVISIONS		
Proposed Dividend	1431.93	1085.10
Tax on Dividend	232.30	180.22
Provision For Tax (Net)	1875.62	1504.82
Retirement Benefits	1302.20	875.28
	4842.05	3645.42

Schedules forming part of the Accounts

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE-13 OTHER INCOME		
Profit on Sale of Non Trade Current Investments	156.76	0.21
Interest Earned*		
- From Long Term Investments	417.05	258.40
- From Bank on FDRs	6.01	0.57
- From Others	1775.15	2397.86
	<u>2198.21</u>	<u>2656.83</u>
*{Including Income Tax Deducted at Source ₹153.91 Lacs (Previous Year ₹298.64 Lacs) and Excluding interest earned of ₹41.96 Lacs (Previous Year ₹41.60 Lacs) transferred to Projects)}		
Dividend:		
- From Long Term Non - Trade Investments	-	2.18
- From Current Non-Trade Investment	45.70	3.19
	<u>45.70</u>	<u>5.37</u>
Profit on Sale of Fixed Assets (Net)	154.64	131.55
Exchange Fluctuation (Net) (Ref. Note No.17 of Schedule 17)	4313.68	8554.52
Miscellaneous Income (Ref. Note No.18 of Schedule 17)	82.29	429.18
	<u>6951.28</u>	<u>11777.66</u>
SCHEDULE-14 MANUFACTURING & OTHER EXPENSES		
Raw Material Consumed	427688.65	385757.82
Purchase of Goods Traded	-	641.98
Stores Consumed	20020.59	16407.22
Packing Material Consumed	2839.79	2470.54
Power & Fuel	52202.52	21498.03
Repairs & Maintenance		
- Plant & Machinery	2035.78	1305.38
- Buildings	122.52	102.67
Excise Duty Provided on Stock (Net)	5665.20	1857.97
Salary, Wages & Bonus	21463.87	13349.34
Contribution to P.F. and Other Funds	414.40	498.50
Staff Benefits	335.48	245.72
Rates & Taxes	1389.07	524.07
Administrative Expenses	33026.74	17415.10
Legal & Professional Expenses	892.38	783.90
Rent	418.43	402.07
Insurance	1134.50	817.17
Auditors' Remuneration	77.00	70.00
Selling & Distribution Expenses	22010.11	16974.04
Commission to Selling Agents	477.43	464.20
Bad Debts Written off	-	24.83
Less: Provision for Doubtful Debts Written back	-	24.83
	<u>204.32</u>	<u>287.32</u>
	<u>592418.78</u>	<u>481873.04</u>

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(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE-14 MANUFACTURING & OTHER EXPENSES (Contd.)		
Increase/Decrease in Stock of Finished Goods, Work-in-Progress and Scrap		
Opening Stock		
Finished Goods	39775.54	24084.62
Work-in-Progress	31335.83	16325.08
Scrap	679.94	1835.99
	71791.31	42245.69
Closing Stock		
Finished Goods	79296.48	39775.54
Work-in-Progress	38490.26	31335.83
Scrap	1179.93	679.94
	118966.67	71791.31
Net (Increase)/Decrease in Stock	(47175.36)	(29545.62)
	545243.42	452327.42
Less: Transfer to Project under Commissioning		
Pre-operative Expenses / Trial Run Expenses (Net)	44373.43	30176.25
Cost of Material Transferred to Projects/ Internal Use	3863.12	3389.74
	497006.87	418761.43
SCHEDULE-15 INTEREST & FINANCIAL CHARGES		
Interest on :		
- Debentures	10281.78	4282.04
- Term Loans	112715.13	80569.12
- Others	11689.20	8575.15
Exchange Fluctuation	9202.91	-
Commission & Bank Charges	19205.27	7143.65
	163094.29	100569.96
Less: Borrowing cost transferred to Project Under Commissioning / Trial Run	118453.21	79568.75
	44641.08	21001.21

SCHEDULE-16 SIGNIFICANT ACCOUNTING POLICIES**1. CONVENTION**

Financial statements are prepared in accordance with generally accepted accounting principles, applicable Accounting Standards and in accordance with relevant requirements of the Companies Act, 1956. A summary of important accounting policies, which have been applied consistently, is set out below.

2. USE OF ESTIMATES

The preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

3. BASIS FOR PREPARATION OF ACCOUNTS

Financial statements are prepared in accordance with the historical cost convention on accrual basis.

4. FIXED ASSETS

Fixed Assets are stated at cost, net of Modvat/Cenvat/Vat/GST, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term monetary items attributable to depreciable fixed assets are capitalised. Capital expenditure on assets not owned by the Company

with exclusive right to use is reflected in capital work in progress till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

5. INTANGIBLE ASSETS

Computer software is capitalized on the date of installation and is amortised over a period of three years.

6. IMPAIRMENT OF ASSETS

Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

7. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except:-

- a) Cold Rolling Plant situated at Sahibabad acquired prior to 1st April, 1996, Galvanizing Plant, Power Plant acquired before 1st April, 2002 including addition or, extension forming integral part of above plants on which depreciation is provided on written down value method.
- b) Plant situated at Khopoli (Maharashtra) on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956

On incremental / decremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation has been provided as aforesaid over the residual life of the respective plants.

Capital expenditure on assets not owned by the company with exclusive right to use is amortized over a period of five years from the year in which the relevant assets have been completed and available for use. In other cases these are amortised in the year in which expenditure is incurred.

Premium on leasehold land is amortized over the period of lease except on leasehold land acquired on lease of ninety years or more. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing ₹5000 or less are depreciated in full in the year of purchase.

8. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currency outstanding at the year end are translated at exchange rate applicable on the date of Balance Sheet. Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases of long term monetary items, where these relate to the acquisition of depreciable fixed assets, are adjusted to the carrying cost of such assets and in other cases are amortized over the period of such long term monetary item or 31st March, 2012, whichever is earlier.

9. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

10. INVESTMENTS

Investments are classified into current investments and long term investments. Current investments are stated at the lower of cost and quoted / fair value. Long term investments are stated at cost, provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

11. DIVIDEND INCOME

Dividend on investments is accounted for as and when the right to receive the same is established.

12. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are inclusive of sales during trial run, excise duty, custom duty and net of sales tax & discount. Export sales are net of ocean freight, insurance and discount.

13. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except scrap which is valued at net realisable value. The Cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise Duty on closing stock of finished goods and scrap is accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

14. MODVAT / CENVAT / VAT

Modvat/Cenvat/VAT claimed on capital goods is credited to Assets / Capital work in progress account. Modvat/Cenvat/VAT on purchase of raw materials and other materials are deducted from the cost of such materials.

15. INCOME TAX

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company.

Minimum Alternate Tax (MAT) paid in accordance with the Income Tax Act, 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset.

In accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred Tax Liability for timing differences between the book and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

16. CLAIMS

Claims receivables are accounted for depending on the certainty of receipt and claims payable are accounted for at the time of acceptance.

17. PROPOSED DIVIDEND

Dividend as proposed by the Directors is provided for in the books of accounts, pending approval at the Annual General Meeting.

18. EMPLOYEE BENEFITS

Short term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long term employee benefits (which are payable after the end of twelve months from end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

Company's contribution to state defined contribution plans namely Employee State Insurance and Maharashtra Labour Welfare fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

The cost of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized in the balance sheet represent the present value of the obligations as reduced by the fair value of Plan Assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the profit and loss account.

19. PROVISION AND CONTINGENT LIABILITY

Show cause notices issued by various government authorities are not considered as obligation. Where the demand notices are raised, the show cause notice, disputed by the company, are classified as possible obligation.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

20. FINANCIAL DERIVATIVES TRANSACTIONS

In respect of the financial derivative contracts the premium/ interest paid and profit/loss on settlement is charged to profit and loss account. The contracts entered into are mark to market at the year end and the resultant profit /loss is charged to profit and loss account except where these relate to long term monetary items attributable to depreciable fixed assets in which case it is adjusted to the cost of fixed assets.

SCHEDULE-17 NOTES ON ACCOUNTS

(₹ in Lacs)

	Current Year	Previous Year
1. Contingent Liabilities in respect of :		
a) Sales Tax	0.75	0.75
b) Excise Duty/Service Tax	17573.31	4.95
c) Entry Tax	5654.41	-
d) Outstanding guarantees issued by the banks counter guaranteed by the company including letter of credits	78354.15	79395.10
e) Bills Discounted	18647.66	11524.91
2. Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹572893.35 Lacs (Previous Year ₹393176.57 Lacs) (Net of Advances).		
3. There is no present obligation arising from past events requiring provision in accordance with the guiding principle as enunciated in Accounting Standard (AS)- 29, as it is not probable that an outflow of resources embodying economic benefit will be required.		
4. a) 25% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each are allotted at a price of ₹2500/- per share during the year on private placement basis. The preference shares are redeemable at a price that shall give aggregate yield to the holders of 1% accrued on day to day basis on the face value together with the premium of the preference shares, within 48 Months from the date of allotment i.e 28th March, 2011 in such trenches as stipulated in the subscription agreement .		
b) 4% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each are allotted at a price of ₹2500/- per share during the year on private placement basis. The Preference Shares shall be redeemed at an amount in INR , such that the subscribers get yield of 11.7% per annum on the amount outstanding within 36 Months from the date of allotment, i.e 29th March, 2011 in such trenches as stipulated in the subscription agreement.		
c) 10% Redeemable Cumulative Preference Shares of ₹100/- each are allotted at a price of ₹3000/- per share during the year on private placement basis. The Preference Shares are redeemable at a premium of ₹2900/- before the expiry of ten years from the date of allotment i.e. 30th March, 2011 for 15,00,300 shares .		
d) 10% Redeemable Cumulative Preference Shares of ₹100/- each are allotted at a price of ₹3000/- per share during the previous year on private/preferential placement basis. The Preference Shares are redeemable at a premium of ₹2900/- before the expiry of ten years from the date of allotment i.e. 29th January, 2010 and 31st March, 2010 for 13,34,800 and 23,33,500 shares respectively.		
5. The Company has during the year commissioned 4 Kilns, Blast Furnace, Conarc Furnace, Slab Caster, Hot Rolled Mill, Railway Siding and other ancillary equipments.		
6. Based on the information available with the company in respect of Micro & Small Enterprises under "The Micro, Small and Medium Enterprises Development, Act 2006". The details are as under :-		

(₹ in Lacs)

S. No.	Particulars	Current Year	Previous Year
1	Principal amount due and remaining unpaid	74.03	85.30
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than the (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

7. (a) Managerial Remuneration:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Salary	173.03	155.55
Perquisites	15.95	15.37
Leave encashed during the year	44.86	-
	233.84	170.92

Note: Provisions for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuations, done on an overall company basis, hence, amount pertaining to the Directors is not ascertainable and, therefore, not included in the above figures.

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(₹ in Lacs)

	Current Year	Previous Year
(b) Administrative Expenses includes :		
- Directors' Sitting Fee	9.60	1.60
(c) Computation of Net Profit in accordance with section 349 of the Companies Act 1956		
Profit Before Taxation	137565.05	115136.49
Add: Depreciation as per Accounts	27784.53	20913.56
Provision for Doubtful Debts	204.32	287.32
Directors Sitting Fees	9.60	1.60
Managerial Remuneration	233.84	170.92
	165797.34	136509.89
Less: Depreciation as per Section 350 of Companies Act, 1956	27784.53	20913.56
Profit on Sale of Fixed Assets (Net)	154.64	131.55
Profit on Sale of Investments (Net)	156.76	0.21
Net Profit for the year	137701.41	115464.57
Maximum Remuneration Allowed @ 11 %	15147.16	12701.10
Managerial Remuneration Paid	233.84	170.92
8. Auditors' Remuneration includes :		
- Audit Fees	55.00	50.00
- Tax Audit Fees	10.00	8.00
- Other Services	12.00	12.00
	77.00	70.00

9. As per Accounting Standard (AS)-18, the disclosure of transaction with related parties as defined in the Accounting Standard are given below :

(I) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

a) Subsidiary companies

Bhushan Steel (Orissa) Ltd (Incorporated on 24th May, 2010)

Bhushan Steel Madhya Bharat Ltd (Incorporated on 24th May, 2010)

Bhushan Steel (South) Ltd (Incorporated on 27th April, 2010)

Bhushan Steel Bengal Ltd (Incorporated on 24th May, 2010)

Bhushan Steel Global FZE

Bhushan Steel (Australia) PTY Ltd.

- Bowen Energy Ltd, Australia (from 28th July, 2009)

- Bowen Coal PTY Ltd.

- Capricorn Metals Ltd.

- Golden Country Resources (Australia) PTY Ltd.

- Kondor Holdings PTY Ltd.

- Bowen Consolidated PTY Ltd.

- Capricorn Resources (Australia) Ltd.

- Bowen Energy (Asia) PTE Ltd. has been struck off.

b) Joint Venture

Andal East Coal Company Pvt. Ltd. (Incorporated on 22nd September, 2009)

c) Associates

Angul Sukinda Railway Ltd. (from 27th May, 2009)

Bhushan Energy Ltd. (from 2nd December, 2009)

d) Key Management Personnel

Sh. Neeraj Singal (Vice Chairman & Managing Director)

Sh. P.K. Aggarwal (Whole time Director)

Sh. Nittin Johari (Whole time Director)

Sh. Rahul Sen Gupta (Whole time Director)

e) Relatives of Key Management Personnel

Smt. Ritu Singal (Wife of Vice Chairman & Managing Director)

Shri B.B. Singal (Chairman & Father of Vice Chairman & Managing Director)

f) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

Bhushan Energy Ltd. (up to 1st December, 2009)

Arshiya International Ltd.

Bhushan Aviation Ltd.

(II) Transactions Carried out with related parties referred in (I) above, in ordinary course of business:

(₹ in Lacs)

PARTICULARS	Subsidiary Companies		Joint Venture		Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP & their relatives have significant influence		Grand Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration and Perks	-	-	-	-	-	-	233.84	170.92	27.17	19.52	-	-	261.01	190.44
Directors Sitting Fees	-	-	-	-	-	-	-	-	5.45	-	-	-	5.45	-
Investments in Share Capital/ Share Application Money	5046.51	3808.06	125.00	20.50	600.00	7400.00	-	-	-	-	-	-	5771.51	11228.56
Purchase of Goods/ Services	-	-	-	-	40752.46	8428.15	-	-	-	-	7070.84	6817.47	47823.30	15245.62
Sales of Goods/ Services	19703.41	17890.37	-	-	2166.57	224.52	-	-	-	-	-	-	21869.98	18114.89
Rent Received	-	-	-	-	-	-	-	-	-	-	1.20	0.13	1.20	0.13
Advance received for sale of Investment	-	-	-	-	1500.00	-	-	-	-	-	-	-	1500.00	-
OUTSTANDINGS														
Receivable	3063.04	336.76	-	-	-	-	-	-	-	-	-	154.55	3063.04	491.31
Payable	-	-	-	-	847.92	308.27	6.66	5.45	-	-	136.04	481.90	990.62	795.62

Disclosure in Respect of Material Related Party Transactions during the year :

1. Remuneration & Perks include payment to Shri Neeraj Singal ₹90.95 Lacs (Pre. Year ₹90.37 Lacs), Shri P.K. Aggarwal ₹45.14 Lacs (Pre. Year ₹23.71 Lacs), Shri Nitin Johari ₹55.77 Lacs (Pre. Year ₹33.24 Lacs), Shri Rahul Sengupta ₹41.98 Lacs (Pre. Year ₹23.60 Lacs) and Smt Ritu Singal ₹27.17 Lacs (Pre. Year ₹19.52 Lacs).
2. Directors sitting fees is paid to Shri B. Singal ₹5.45 Lacs (Pre. Year Nil)
3. Investment in Share Capital/ Share Application Money include Bhushan Steel (Australia) PTY Ltd. ₹2026.51 Lacs (Pre Year ₹3808.06 Lacs), Bhushan Steel (South) Ltd Rs 3005.00 Lacs (Pre Year Nil), Bhushan Steel Madhya Bharat Ltd Rs 5.00 Lacs (Pre Year Nil), Bhushan Steel (Orissa) Ltd ₹5.00 Lacs (Pre Year Nil), Bhushan Steel Bengal Ltd ₹5.00 Lacs (Pre Year Nil) Andal East Coal Company Pvt. Ltd. ₹125 Lacs (Pre. Year ₹20.50 Lacs), Bhushan Energy Ltd. Nil (Pre. Year ₹7000 Lacs) and Angul Sukinda Railway Ltd. ₹600 Lacs (Pre. Year ₹400 Lacs).
4. Purchase of Goods/ Services is from Arshiya International Ltd. ₹5217.80 Lacs (Pre. Year ₹3699.61 Lacs), Bhushan Energy Ltd. ₹40752.46 Lacs (Pre. Year ₹9847.39 Lacs) and Bhushan Aviation Ltd. ₹1853.04 Lacs (Pre. Year ₹1698.62 Lacs).
5. Sale of Goods/ Services is to Bhushan Steel Global FZE ₹19703.41 Lacs (Pre. Year ₹17890.37 Lacs) and Bhushan Energy Ltd. ₹2166.57 Lacs (Pre. Year ₹224.52 Lacs).
6. Rent Received is from Bhushan Aviation Ltd. ₹1.20 Lacs (Pre. Year ₹0.13 Lacs).
7. Advance received for Sale of Investment is from Bhushan Energy Ltd ₹1500.00 Lacs (Pre Year Nil).

10. The Company has an Indian Joint Venture with Andal East Coal Company Pvt Ltd. as on 31st March, 2011 and having sharing of 33.33%. Its proportionate share in the Assets, Liabilities, Income and Expenditure of the Joint Venture is as under :-

(₹ in Lacs)

	Current Year	Previous Year
Capital	33.00	20.50
Reserves & Surplus	112.50	-
Liabilities	162.50	0.60
Assets	307.10	20.46
Profit & Loss A/c	0.90	-
Contingent Liabilities	522.67	522.67
Capital Commitment	261.67	-
Income	-	-
Expenditure	0.26	0.64
Loss during the year	0.26	0.64

11. The Company is engaged in the steel business, which in the context of Accounting Standard (AS)-17 is considered the only primary business segment.

Gross Revenue of the company as per Geographical Segment is as follows:

(₹ in Lacs)

	Current Year	Previous Year
Within India	633751.16	475671.01
Outside India	120596.29	121727.63
Total	754347.45	597398.64

Debtors of the company as per Geographical Segment is as follows:

(₹ in Lacs)

	Current Year	Previous Year
Within India	47436.92	68288.96
Outside India	916.39	5103.35
Total	48353.31	73392.31

The Company has common fixed assets, other assets and liabilities for producing goods for domestic as well as overseas market.

12. Fixed Assets include one cold rolling mill established in 1992 damaged in fire accident in the year 1998-99. The amount received from Insurance Company for reinstatement /repair of the mill is included in other liabilities as the matter is still sub-judice. The amount received shall be adjusted on final disposal of the pending suit.

13. Major components of deferred tax assets and liabilities arising on account of timing difference are :

(₹ in Lacs)

	Current Year	Previous Year
Deferred Tax Liability		
(i) Related to Fixed Assets	70556.94	33351.65
Total (A)	70556.94	33351.65
Deferred Tax Assets		
(i) Provision of Doubtful Debts	302.61	247.57
(ii) Other Items	422.50	150.26
Total (B)	725.11	397.83
Deferred Tax Liability Net (A-B)	69831.83	32953.82

14. Pre-operative Expenses (In respect of project to be capitalized):

(₹ in Lacs)

	Current Year	Previous Year
Opening Balance	250976.99	146820.75
Add: Pre-operative Expenses		
1. Transferred from Profit & Loss Account	52122.66	24033.03
2. Trial Run Exp./ (Gain) (Net) transferred from Profit & Loss Account	(7749.23)	6143.22
3. Depreciation	1850.01	883.58
4. Interest & Financial Charges		
- During Construction	101930.38	72937.50
- During Trial Run	16522.83	6631.25
	415653.64	257449.33
Less : Interest earned during construction period	41.96	41.60
	415611.68	257407.73
Less: Capitalised		
- Pre-Operative Expenses	266859.71	6430.74
- Depreciation	3734.00	-
- Trial Run Expenses (Net)	38828.70	6430.74
TOTAL	106189.27	250976.99

15. Earning Per Share

	Current Year	Previous Year
(i) <u>Weighted Average No. of Equity Shares</u> Equity Share at the beginning of the Year	212358310	212358310
(ii) <u>Equity Shares for Calculating Diluted Earning per Share</u> Weighted Average No. of Equity Shares	212358310	212358310
(iii) Profit After Tax (₹ In Lacs)	100508.59	84579.66
Less: -Dividend on Preference Shares (Including Dividend Tax)	430.19	27.18
Profit after dividend on Preference Shares	100078.40	84552.48
(iv) Earning Per Share (₹)		
- Basic [(iii)/(i)]	47.13	39.82
- Diluted [(iii)/(ii)]	47.13	39.82

Note : The company has split its Equity Shares of ₹2/- each in September 2010, Accordingly Earning Per Share has been calculated/ recalculated based on the increased number of Equity Shares for the previous year as required by Accounting Standard (AS) -20.



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16. Investments purchased (including dividend reinvested) and sold during the year:

S. No.	Particulars	Unit/ Shares (Nos.)	Cost (₹ in Lacs)
1.	LICMF liquid fund – Dividend Plan	41703	4.58
2.	L1471G SBI-SHF-Ultra Short Term Fund – Institutional Plan – Growth	182804197	22527.75
3.	L072SG SBI Premier Liquid Fund – Super Institutional – Growth	183001684	27500.00
4.	Coal India	180037	441.09

17. Detail of Exchange Fluctuation

(₹ in Lacs)

S. No.	Particulars	Current Year	Previous Year
1.	Exchange Fluctuation Gain/(Loss) on Debtors	315.22	(672.33)
2.	Exchange Fluctuation Gain/(Loss) on Creditors	3433.04	8157.30
3.	Exchange Fluctuation Gain/(Loss) on Loan (other than Borrowing Cost)	565.42	1069.55
	Total	4313.68	8554.52

18. Detail of Misc Income

1.	Insurance Claim Received	33.31	54.97
2.	Rent Received	1.20	0.13
3.	Bad Debts / Compensation Recovered	46.01	369.20
4.	Short & Excess Recovery	0.01	4.08
5.	Misc. Receipts	1.76	0.80
	Total	82.29	429.18

19. The Company in respect of Khopoli unit has opted "Deferral Scheme" of sales tax and paid VAT on the basis of Net Present Value (NPV).

Tax difference between the amount payable and amount paid under NPV, amounting to ₹4120.46 Lacs (Previous Year ₹2383.82 Lacs), being capital receipt, has been credited to Capital Reserve.

20. DERIVATIVES

I The company has not entered into any derivatives instruments to hedge the foreign currency contracts. There is no derivative contract outstanding as on the date of the Balance Sheet.

II The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below :-

	Current Year		Previous Year	
	US\$ equivalent (Million)	INR equivalent (Lacs)	US\$ equivalent (Million)	INR equivalent (Lacs)
a) Amount receivable in Foreign Currency on Account of				
Sale of Goods	2.06	916.39	11.39	5103.35
Advance against goods	161.50	71899.05	107.02	47945.43
b) Amount payable in Foreign Currency on Account of				
Acceptances	173.08	77054.18	159.49	71450.89
Bills Discounted	20.80	9261.33	17.48	7831.91
Creditors	131.37	58484.51	31.00	13886.25
Loans /Interest Payable	1206.31	537049.02	694.29	311039.33

21. As per Accounting Standard (AS) -15 "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standards are given below:-

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognized as expenses / pre-operative expenses is as under:

(₹ in Lacs)

	Current Year	Previous Year
a) Employer contribution to Provident Fund /Other Funds	414.25	498.39
b) Employer contribution to State Plans	56.35	31.84
i) Employee State Insurance	56.21	31.73
ii) Maharashtra Labour Welfare Fund	0.14	0.11

B. Defined Benefit Plans:

- a) Leave Encashment/ Compensated Absence.
- b) Contribution to Gratuity Funds - Employee's Gratuity Fund.

In accordance with Accounting Standard (AS) - 15 (Revised 2005), the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumptions:

(₹ in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
i) Actuarial Assumptions				
Discount Rate (per annum)	8%	8%	8%	8%
Rate of increase in compensation levels	5%	5%	5%	5%
Rate of return on plan assets	-	-	8%	8%
Expected Average remaining working lives of employees (years)	26	26	26	26
ii) Change in the obligation during the year ended 31st March, 2011				
Present value of obligation as at 31st March, 2010	816.91	687.07	987.54	640.44
Impact of Transition provision of (AS)-15	-	-	-	-
Interest cost	65.35	54.97	77.04	48.97
Past Service cost	-	-	-	-
Current service cost	327.66	221.15	226.53	299.10
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(294.36)	(36.41)	(49.04)	(56.54)
Actuarial (gain)/ loss on Obligations	153.01	(109.87)	30.99	55.57
Present value of obligation as at 31st March, 2011	1068.57	816.91	1273.06	987.54


BHUSHAN

(₹ in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
iii) Change in fair value of Plan Assets				
Fair value of Plan Assets as at 31st March, 2010	-	-	929.17	647.50
Expected return on Plan Assets	-	-	72.39	60.85
Contributions	-	-	76.84	282.88
Benefits Paid	-	-	(49.04)	(56.54)
Actuarial gain/ (loss) on Obligations	-	-	10.07	(5.52)
Fair value of Plan Assets as at 31st March, 2011	-	-	1039.43	929.17
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Plan Assets				
Present value of obligation as at 31st March, 2011	1068.57	816.91	1273.06	987.54
Fair value of Plan Assets as at 31st March, 2011	-	-	1039.43	929.17
Funded Status	(1068.57)	(816.91)	(233.63)	(58.37)
Present value of un-funded obligation as at 31st March, 2011	-	-	-	-
Un-funded Actuarial (gains)/ losses	-	-	-	-
Un-funded Net Asset/ (Liability) recognised in Balance Sheet	(1068.57)	(816.91)	(233.63)	(58.37)
v) Expenses / Pre-Operative expenses recognised in Profit and Loss Account				
Current service cost	327.66	221.15	226.53	299.10
Past Service cost	-	-	-	-
Interest cost	65.35	54.97	77.04	48.97
Expected return on Plan Assets	-	-	(72.39)	(60.85)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	153.01	(109.87)	20.92	61.09
Total Expense recognised in Profit and Loss Account / Pre-Operative expenses	546.02	166.25	252.10	348.31

The estimate of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.

22. The company has not entered into any finance / operating lease during the year.

23. Previous Year Figures have been regrouped wherever considered necessary.

24. Additional information pursuant to the provisions of Schedule-VI to the Companies Act, 1956 (As certified by the management):

	Current Year Qty. (MT)	Previous Year Qty. (MT)
(I) Installed Capacity :		
Hot Rolled Steel Strips/Sheets/Coils	1900000	-
Cold Rolled Steel Strips/Sheets/Coils	1250000	1000000
Cold Rolled Galvanised Steel Strips/Sheets/Coils	540000	465000
Colour Coated Galvanised Steel Strips/Sheets/Coils	160000	80000
Precision Tubes	140000	100000
Hardened & Tempered Cold Rolled Steel Strips	11000	11000
High Tensile Steel Strapings	20000	20000
Sponge Iron	900000	680000
Billets	340000	340000
Wire Rods	20000	20000
Formed Sections	3000	3000

Under the liberalised Industrial Policy of Government of India, the company's products do not require any Industrial licence.

(II) Production :

Hot Rolled Steel Strips/Sheets/Coils {Including 477649 MT (Previous Year Nil) used Captively and 1057 MT (Previous Year Nil) internally consumed}	805675	-
Cold Rolled Steel Strips/Sheets/Coils {Including 688045 MT (Previous Year 655175 MT) used Captively and 136 MT (Previous Year 304 MT) internally consumed}	1191715	1163437
Cold Rolled Galvanised Steel Strips/Sheets/ Coils {Including 119173 MT (Previous Year 86375 MT) used Captively and 342 MT (Previous Year 802 MT) internally consumed}	545196	531149
Colour Coated Galvanised Steel Strips/Sheets/ Coils {Including 3690 MT (Previous Year 3511 MT) internally consumed}	118691	97593
Precision Tubes {Including 1169 MT (Previous Year 884 MT) used Captively and 1068 MT (Previous Year 1639 MT) internally consumed}	126642	106101
Hardened & Tempered Cold Rolled Steel Strips	12412	9596
High Tensile Steel Strapings {Including 1129 MT (Previous Year 501 MT) internally consumed}	9865	7536
Sponge Iron* {Including 406787 MT (Previous Year 311528 MT) used Captively}	406787	400619
Billets {Including 9155 MT (Previous Year 35743 MT) used Captively }	242035	299083
Wire Rods {Including 294 MT (Previous Year 1527 MT) used internally}	8623	34000
Formed Sections	780	962

* Production for Sponge Iron 100% captive use


BHUSHAN
(III) Quantitative information in respect of opening stock, closing stock & turnover of finished products and consumption of raw materials :

	Current Year		Previous Year	
	Qty. (MT)	Value (₹ in Lacs)	Qty. (MT)	Value (₹ in Lacs)
a) Opening Stock :				
Hot Rolled Steel Strips/Sheets/Coils	-	-	-	-
Cold Rolled Steel Strips/ Sheets/Coils	23111	8805.56	15762	5831.14
Cold Rolled Galvanised Steel Strips/Sheets/Coils	22450	9876.09	13414	5293.76
Colour Coated Galvanised Steel Strips/Sheets/Coils	2362	1137.45	2071	970.36
Precision Tubes	7110	2940.61	7189	2780.53
Hardened & Tempered Cold Rolled Steel Strips	351	211.83	482	403.28
High Tensile Steel Strapings	404	184.19	492	217.40
Sponge Iron*	84775	8475.41	1365	168.18
Billets	31806	7962.43	31956	8140.67
Wire Rods	564	176.69	999	273.79
Formed Sections	11	5.28	14	5.51
		39775.54		24084.62
* Include Transferred for Captive use 84775 MT (Previous Year Nil).				
b) Closing Stock :				
Hot Rolled Steel Strips/Sheets/Coils	127148	35536.44	-	-
Cold Rolled Steel Strips/ Sheets/Coils	27167	11142.60	23111	8805.56
Cold Rolled Galvanised Steel Strips/Sheets/Coils	29403	13663.58	22450	9876.09
Colour Coated Galvanised Steel Strips/Sheets/Coils	7563	4087.55	2362	1137.45
Precision Tubes	9804	4460.97	7110	2940.61
Hardened & Tempered Cold Rolled Steel Strips	850	587.19	351	211.83
High Tensile Steel Strapings	1127	595.45	404	184.19
Sponge Iron	-	-	84775	8475.41
Billets	28827	9206.75	31806	7962.43
Wire Rods	-	-	564	176.69
Formed Sections	34	15.95	11	5.28
		79296.48		39775.54
c) Turnover :				
i) Finished Goods				
Hot Rolled Steel Strips/Sheets/Coils	199821	71947.79	-	-
Cold Rolled Steel Strips/ Sheets / Coils	499478	237565.92	500609	205137.94
Cold Rolled Galvanised Steel Strips / Sheets / Coils	418728	204247.85	434936	191349.26
Colour Coated Galvanised Steel Strips/Sheets / Coils	109800	65328.17	93791	47829.26
Precision Tubes	121711	63053.23	103657	45669.52
Hardened & Tempered Cold Rolled Steel Strips	11913	10655.23	9727	7776.39
High Tensile Steel strapings	8013	4632.64	7123	3586.86
Sponge Iron	-	-	5681	771.41
Billets	235859	72649.29	263490	70611.09
Wire Rods	8893	2689.20	32908	9141.34
Formed Sections	757	383.66	965	434.16
ii) Others		21194.47		15091.41
		754347.45		597398.64

Others include resold of Coal waste 798013 MT (Previous Year 93634 MT), Coal NIL (Previous Year 59772 MT) and Zinc NIL (Previous Year 437 MT).

	Current Year		Previous Year	
	Qty. (MT)	Value (₹ in Lacs)	Qty. (MT)	Value (₹ in Lacs)
d) Raw Material Consumed * :				
HR / CR Steel Strips/Sheets/ Coils and Steel Scrap/ Sponge Iron	1035128	250995.69	1326089	294954.28
Zinc and Alloys	39432	42679.33	42457	42584.60
Iron Ore	2162496	50525.56	749446	26888.06
Coal	2303283	75341.41	948786	16186.39
Dolomite	157971	2185.02	35711	486.99
Paints	3765	5961.64	2959	4657.50
		427688.65		385757.82

* Notes

- i) Including material resold i.e. Zinc NIL (Previous Year 437 MT), Coal Waste 798013 MT (Previous Year 93634 MT).
- ii) Including 10815 MT(Previous Year 6818 MT) Project Scrap consumed.
- iii) Excluding 105440 MT (Previous Year 166374 MT) coal used in AFBC Boiler for generation of Electricity.

e) Purchase of Goods Traded :

Coal	-	-	59772	641.98
				<u>641.98</u>

(IV) Value of Import on C.I.F. Basis:

- Raw Material	273937.73	201600.69
- Capital Goods	78615.98	58383.49
- Stores/Spare parts	10916.88	2347.27

(V) Expenditure in Foreign Currency :

- Travelling	413.96	162.30
- Sales Commission	267.90	216.89
- Machinery Repair & Maintenance	280.91	64.56
- Technical Consultancy	3366.12	486.73
- Erection & Commissioning	154.54	-
- Interest & Finance Charges	20949.97	10560.62
- Capital Machinery / Indirect Expenses	-	4380.34
- Legal Expenses	37.92	59.64
- Rates & Taxes	10.52	30.62
- Shipping Charges	-	2.56
- Subscription	4.00	4.09

(VI) Earnings in Foreign Exchange :

- FOB Value of Export	120596.29	121727.63
- Interest Received	22.60	-
- Compensation Received	-	369.20


BHUSHAN
VII) Value of Imported / Indigenous Raw Material, Stores and Spare Parts Consumed:

	Current Year		Previous Year	
	Value (₹ in Lacs)	% Age	Value (₹ in Lacs)	% Age
Raw Material:				
Imported	146019.41	34.14	189297.61	49.07
Indigenous	281669.24	65.86	196460.21	50.93
	427688.65	100.00	385757.82	100.00
Stores/Spare Parts:				
Imported	1319.55	6.59	1116.38	6.80
Indigenous	18701.04	93.41	15290.84	93.20
	20020.59	100.00	16407.22	100.00

VIII) Remittance in foreign currency on account of Dividend :

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The total amount remittable in this respect is given herein below :

	Current Year		Previous Year	
	USD	INR	USD	INR
(a) Number of Non-Resident Shareholders		244		234
(b) Number of Equity Shares held by them		1314787		977507
(c) (i) Amount of dividend paid (Gross)	173	3286967.50	176	2443767
(a) Amount of dividend paid through transfer in NRE a/c	-	3278967.00	-	2435517
(b) Amount of Dividend paid through Foreign Currency	173	8000.00	176	8250
(ii) Tax deducted at source		-		-
(iii) Year to which dividend relates		2009-2010		2008-2009

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Place: New Delhi
Dated: July 29, 2011

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Balance Sheet Abstract and Company's General Business profile

I. Registration Details

Registration No.	14942 of 1983	State Code :	55
Balance Sheet Date :	31 03 2011		
	Date Month Year		

II. Capital Raised during the year (₹ in Lacs)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	3200

III. Position of Mobilisation and Deployment of Funds (₹ in Lacs)

Total Liabilities	2318736	Total Assets	2318736
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SOURCES OF FUNDS

Paid-up Capital	11116	Reserves & Surplus	578525
Deferred Tax Liability (Net)	69832	Secured Loans	1239185
Unsecured Loans	420078		

APPLICATION OF FUNDS

Net Fixed Assets	1995951		
(Including Capital Work-in-progress)		Investments	27773
Net Current Assets	295012		

IV. Performance of Company (₹ in Lacs)

Turnover & Other Income	706998	Total Expenditure	569433
Profit Before Tax	137565	Profit After Tax	100509
Earning Per Share in ₹			
Basic & Diluted	47.13	Dividend	25%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	721041
Product Description	Corrugated coated with Zinc Cold Rolled Products of Iron or Non Alloy Steel of a width of 600 MM or more.
Item Code No. (ITC Code)	721049
Product Description	Flat Coated with Zinc Cold Rolled Products of Iron or Non Alloy Steel of a width of 600 MM or more.
Item Code No. (ITC Code)	720918
Product Description	Flat Cold Rolled Products of Iron or Non Alloy Steel of a width of 600 MM or more of a thickness of less than 0.5 MM.

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 29, 2011

Statement Pursuant to section 212 of the Companies Act , 1956, related to Subsidiary Companies as at 31st March, 2011

Sl. No.	Name of Subsidiary	Bhushan Steel Bengal Ltd	Bhushan Steel (Orissa) Ltd	Bhushan Steel (South) Ltd	Bhushan Steel Madhya Bharat Ltd	Bhushan Steel Global FZE	Bhushan Steel (Australia) PTY Ltd.	Bowen Energy Ltd.	Bowen Coal PTY Ltd.	Bowen Consolidated PTY Ltd.	Capricorn Metals Ltd.	Capricorn Resources (Australia) Ltd.	Kondor Holdings PTY Ltd.	Golden Country Resources (Australia) PTY Ltd.
1	Financial Year of the Subsidiary ended on	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
2	Shares of the Subsidiary held by the Company on the above date													
	(a) Number	50,000	50,000	50,000	50,000	1	75,70,100	6,01,27,689	10	15	5	20	10	51,150
	Face Value	Equity share of ₹10 each	Equity share of ₹10 each	Equity share of ₹10 each	Equity share of ₹10 each	ordinary share of AED 10 lacs each	ordinary shares of AUD 1 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each
	(b) Extent of holding	100%	100%	100%	100%	100%	100%	73.60%	100%	100%	100%	100%	100%	100%
3	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary, so far as they concern members of the Company :													
	(a) dealt with in the accounts of the Company for the year ended 31st/March,2011 (₹/ Lacs)	-	-	-	-	-	-	-	-	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended 31st/March,2011 (₹/ Lacs)	(0.17)	(0.17)	(0.18)	(0.18)	27.88	(30.38)	15.55	-	-	-	-	-	-
4	Net aggregate amount of profits / (losses) of the subsidiary since it become a subsidiary, so far as they concern members of the Company :													
	(a) dealt with in the accounts of the Company for the year ended 31st/March,2011 (₹/ Lacs)	-	-	-	-	-	-	-	-	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended 31st/March,2011 (₹/ Lacs)	(0.17)	(0.17)	(0.18)	(0.18)	378.64	(186.41)	(66.25)	12.69	-	-	0.07	2.30	3.64

Summary of Financial Information of Subsidiary Companies

Name of Subsidiary	Country	Reporting Currency	Capital	Reserves	Total Assets including Current Assets	Total Liabilities excluding Shareholder's Funds	CWIP included in Total Assets	Investments included in Total Assets	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Bhushan Steel Bengal Ltd	India	INR	5,00,000	(17,244)	4,98,234	15,478	-	-	-	(22,341)	(5,097)	(17,244)	-
Bhushan Steel (Orissa) Ltd	India	INR	5,00,000	(16,978)	4,98,620	15,598	-	-	-	(21,955)	(4,977)	(16,978)	-
Bhushan Steel (South) Ltd	India	INR	*30,05,00,000	(17,521)	30,13,40,905	8,58,426	-	-	-	(22,741)	(5,220)	(17,521)	-
Bhushan Steel Madhya Bharat Ltd	India	INR	5,00,000	(17,669)	4,97,620	15,289	-	-	-	(22,955)	(5,286)	(17,669)	-
Bhushan Steel Global FZE	Dubai	AED	1,11,52,589	3,78,64,038	36,70,54,794	81,80,38,167	-	-	2,00,10,78,819	27,87,961	-	27,87,961	-
Bhushan Steel (Australia) PTY Ltd.	Australia	AUD	**87,67,86,257	(1,86,41,242)	85,83,70,297	2,25,282	14,04,49,861	42,10,32,700	-	(29,87,944)	49,774	(30,37,718)	-
Bowen Energy Ltd.	Australia	AUD	62,53,58,870	***6,69,81,673	1,03,16,33,979	83,92,93,436	99,70,29,096	60,95,559	-	15,54,541	-	15,54,541	-
Bowen Coal PTY Ltd.	Australia	AUD	92	12,69,489	12,69,581	-	12,69,489	-	-	-	-	-	-
Bowen Consolidated PTY Ltd.	Australia	AUD	138	-	138	-	-	-	-	-	-	-	-
Capricorn Metals Ltd.	Australia	AUD	46	-	46	-	-	-	-	-	-	-	-
Capricorn Resources (Australia) Ltd.	Australia	AUD	184	6,850	7,034	-	-	-	-	-	-	-	-
Konkor Holdings PTY Ltd.	Australia	AUD	92	2,29,926	2,30,018	-	-	-	-	-	-	-	-
Golden Country Resources (Australia) PTY Ltd.	Australia	AUD	4,70,334	3,64,038	8,34,372	-	8,34,372	-	-	-	-	-	-

* Including share application money ₹30,00,00,000/-

** Including share application money ₹61,14,66,824/-

*** Including Foreign Currency Translation Reserve of ₹7,36,07,112.94

Notes: Exchange Rate As on 31.03.2011 of AUD 1 = ₹45.976 and AED 1 = ₹12.12

Sd/-
B. B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 29, 2011

Auditors' Report on Consolidated Financial Statements

To

**The Board of Directors of
BHUSHAN STEEL LIMITED**

We have audited the attached Consolidated Balance Sheet of BHUSHAN STEEL LIMITED (the Company), its subsidiaries, associates and joint venture (collectively referred to as "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. Financial Statements of two foreign subsidiaries namely M/s Bhushan Steel (Australia) Pty Ltd. and M/s Bhushan Steel Global FZE, audited by us, have been prepared for the purpose of compliance with the provision of section 211 and 212 of the Companies Act, 1956. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. *We have relied on the unaudited consolidated financial statements of a foreign subsidiary, namely M/s Bowen Energy Limited (Australia), whose consolidated financial statements reflect total assets of ₹9861.85 Lacs as at 31st March, 2011, total revenue of ₹15.55 Lacs, cash outflows amounting to ₹158.59 Lacs for the year then ended and on the unaudited financial statements of an associate, namely M/s Angul Sukinda Railway Limited, wherein the Group's share of profit aggregates ₹ NIL. These unaudited financial statements / consolidated financial statements have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the subsidiaries, associates is based solely on such unaudited financial statements / consolidated financial statements prepared by the management.*
2. We did not audit the financial statements of a joint venture, namely M/s Andal East Coal Company Pvt. Ltd., whose financial statements reflect total assets of ₹433.77 Lacs as at 31st March, 2011, total revenue of ₹ (0.78)Lacs and cash outflows amounting to ₹2.14 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
3. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS)-21, Consolidated Financial Statements, (AS)-23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS)-27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit as aforesaid and subject to our comment in Para (1) above, to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2011;
 - b) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-

R. K. MEHRA

Partner

M.No. 6102

Place : New Delhi

Dated : July 29, 2011

Consolidated Balance Sheet as at 31st March, 2011

(₹ in Lacs)

	Schedule No.	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	1	11115.77	7915.47
Reserves & Surplus	2	578886.16	391338.44
		590001.93	399253.91
Minority Interest		2062.50	2497.17
Loan Funds			
Secured Loans	3	1239185.17	832696.00
Unsecured Loans	4	420078.33	307714.53
		1659263.50	1140410.53
Deferred Tax Liability (Net) (Refer Note No.11 of Schedule 17)		69831.59	32953.82
Foreign Currency Translation Reserve		843.63	360.66
Total		2322003.15	1575476.09
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	5	1442476.38	368596.55
Less: Depreciation		185812.86	160657.64
Net Block		1256663.52	207938.91
Capital Work in Progress		753993.07	1119464.38
		2010656.59	1327403.29
Goodwill on Consolidation		-	367.06
Investments	6	16269.98	30422.74
Current Assets, Loans & Advances			
Inventories	7	318617.88	197546.28
Sundry Debtors	8	49004.21	75123.14
Cash & Bank Balances	9	4715.37	13125.30
Loans & Advances	10	133315.87	95513.41
		505653.33	381308.13
Less :Current Liabilities & Provisions			
Current Liabilities	11	205734.04	160379.52
Provisions	12	4842.71	3645.61
		210576.75	164025.13
Net Current Assets		295076.58	217283.00
Total		2322003.15	1575476.09
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Place: New Delhi
Dated: July 29, 2011

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

**BHUSHAN**

Consolidated Profit and Loss Account for the year ended 31st March, 2011

(₹ in Lacs)

	Schedule No.	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Sales of Products		754654.83	596600.46
Less: Excise Duty		<u>57581.78</u>	<u>36271.77</u>
Export Incentives		3280.58	2908.16
Other Income	13	6935.53	11571.27
TOTAL INCOME		707289.16	574808.12
EXPENDITURE			
Manufacturing & Other Expenses	14	497162.49	417758.98
Profit Before Interest, Depreciation and Tax		210126.67	157049.14
Interest & Financial Charges	15	44770.74	21284.80
Profit Before Depreciation and Tax		165355.93	135764.34
Depreciation		27785.91	20913.85
Profit Before Tax		137570.02	114850.49
Less: - Income Tax			
- Current Tax		27421.29	19570.00
- MAT Credit Utilised/(Available for Setoff)		(27242.30)	2665.00
- Deferred Tax		<u>36877.77</u>	<u>8321.83</u>
Profit After Tax		100513.26	84293.66
Add: Share of Profit/(Loss) of Associates		230.30	25.20
Less: Minority Interest		4.10	0.65
		100739.46	84318.21
Profit Brought Forward from Previous Year		7295.18	7666.54
Profit Available For Appropriation		108034.64	91984.75
APPROPRIATIONS			
Proposed Dividend on Equity shares		1061.79	1061.79
Proposed Dividend on Preference shares		370.14	23.31
Provision For Dividend Tax		232.30	180.22
Transferred to Debenture Redemption Reserve		5475.00	1975.00
Release from Debenture Redemption Reserve		(1000.00)	-
Transferred to General Reserve		101200.00	81449.25
Balance Carried Forward to Balance Sheet		695.41	7295.18
		108034.64	91984.75
Basic Earning Per Share (₹)		47.24	39.69
Diluted Earning Per Share (₹)		47.24	39.69
Nominal Value of Share (₹)		2.00	2.00
(Refer Note No.13 of Schedule17)			
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

For **MEHRA GOEL & CO.**

Chartered Accountants

(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102Sd/-
B.B. SINGAL
CHAIRMANSd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTORPlace: New Delhi
Dated: July 29, 2011Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Consolidated Cash Flow Statement for the Year Ended 31st March, 2011

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items and share of profit of Associates	137570.02	114850.49
Adjustments for :		
Depreciation	27785.91	20913.85
Provisions (Retirement Benefits)	427.35	188.40
Interest & Financial Charges	44770.74	21284.80
Interest/Dividend Income on Investments	(462.75)	(263.77)
Interest Income on Others	(1781.16)	(2398.43)
Profit on Sale of Investments	(156.76)	(0.21)
Diminution in value of investment written back	(15.55)	(1.61)
Loss / (Profit) on Sale of Fixed Assets	(154.64)	(131.55)
Provision for Doubtful Debts	204.32	287.32
Loss/(Gain) on Exchange Rate Change	2993.71	(2977.85)
Operating Profit Before Working Capital Changes	211181.19	151751.44
Adjustments for :		
Increase(-) / Decrease in Inventories	(121071.60)	(74510.39)
Increase(-) / Decrease in Other Receivables	25951.20	(12518.24)
Increase(-) / Decrease in Loans & Advances	(10561.45)	(20808.31)
Increase / Decrease(-) in Trade Payables	21124.89	16428.74
Cash Flow from Operating Activities	126624.23	60343.24
Direct Tax Paid (Net of Refund)	(27204.36)	(18607.93)
Net Cash Flow from Operating Activities (A)	99419.87	41735.31
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(567761.59)	(322649.13)
Sale of Fixed Assets	190.28	148.48
Purchase of Investments	(36079.14)	(22904.22)
Acquisition/ Purchase of Shares in Subsidiary	508.57	(1723.40)
Sale of Investments	50630.18	500.21
Interest Income	2400.15	2402.78
Dividend Income	45.70	5.37
Net Cash Used In Investing Activities (B)	(550065.85)	(344219.91)

**BHUSHAN**

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest & Financial Charges Paid	(161496.23)	(101946.90)
Proceeds From Cash Credit From Banks (Net)	27768.44	6864.64
Proceeds From Other Borrowings	485229.77	326468.02
Proceeds From Share/Share Application Money	87509.00	70005.00
Proceeds From Share Application Money of Minority Shareholders	229.88	–
Capital Subsidy	4120.46	2383.82
Dividend Paid	(945.05)	(919.93)
Dividend Tax Paid	(180.22)	(180.45)
Net Cash Flow From Financing Activities (C)	442236.05	302674.20
Net Increase in Cash and Cash Equivalents (A+B+C)	(8409.93)	189.60
Opening Balances of Cash and Cash Equivalents	13125.30	12892.32
Addition on acquisition of Subsidiary	–	43.38
Total	13125.30	12935.70
Closing Balances of Cash and Cash Equivalents	4715.37	13125.30

Note:- Cash and Cash equivalents include ₹820.72 Lacs (Previous Year ₹680.67 Lacs) in respect of unclaimed dividend, the balance of which is not available to the company.

As per our report of even date attached

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Place: New Delhi
Dated: July 29, 2011

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Schedules forming part of the Consolidated Accounts

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-1 SHARE CAPITAL		
Authorised		
40,00,00,000 Equity Shares of ₹2/- Each (Previous Year 8,00,00,000 Equity Shares of ₹10/- Each)	8000.00	8000.00
70,00,000 (Previous Year 45,00,000) Preference Shares of ₹100/- Each	7000.00	4500.00
	15000.00	12500.00
Issued		
21,64,48,000 Equity Shares of ₹2/- Each (Previous Year 4,32,89,600 Equity Shares of ₹10/- Each)	4328.96	4328.96
51,68,600 (Previous Year 36,68,300) 10% Redeemable Cumulative Preference Shares of ₹100/- each	5168.60	3668.30
9,00,000 (Previous Year Nil) 4% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	900.00	-
8,00,000 (Previous Year Nil) 25% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	800.00	-
	11197.56	7997.26
Subscribed & Paid Up		
21,23,58,310* Equity Shares of ₹2/- Each (Previous Year 4,24,71,662* Equity Shares of ₹10/- each) fully paid up	4247.17	4247.17
51,68,600 (Previous Year 36,68,300) 10% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	5168.60	3668.30
9,00,000 (Previous Year Nil) 4% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	900.00	-
8,00,000 (Previous Year Nil) 25% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each	800.00	-
	11115.77	7915.47
*(Of the above, 10,47,74,600 (Previous Year 2,09,54,920) Equity Shares were allotted on conversion of Debentures)		
SCHEDULE-2 RESERVES & SURPLUS		
Capital Reserve:		
At Commencement of the year	2428.70	44.88
Add : Addition during the year	4120.46	2383.82
Add : On Consolidation of Subsidiaries (Net)	43.33	-
	6592.49	2428.70
Debenture Redemption Reserve :		
At Commencement of the year	7400.00	5425.00
Add : From Profit & Loss Account	5475.00	1975.00
	12875.00	7400.00
Less : To Profit & Loss Account	1000.00	-
	11875.00	7400.00
Securities Premium Account:		
At Commencement of the year	131814.56	25433.86
Add : Addition during the Year	84308.70	106380.70
	216123.26	131814.56
General Reserve:		
At Commencement of the year	242400.00	160950.75
Add : From Profit & Loss Account	101200.00	81449.25
	343600.00	242400.00
Surplus as per Profit & Loss Account	695.41	7295.18
	578886.16	391338.44



BHUSHAN

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-3 SECURED LOANS		
Debentures		
60 8.15 % Redeemable Non Convertible Debentures of ₹100 Lac each {See Foot Note No.1 & 6}	4000.00	6000.00
1000 10.20 % Redeemable Non Convertible Debentures of ₹10 Lac each {See Foot Note No.2 & 6}	10000.00	10000.00
3000 (Previous year Nil) 10.50 % Redeemable Non Convertible Debentures of ₹10 Lac each {See Foot Note No.3 & 6}	30000.00	-
100 12 % Redeemable Non Convertible Debentures of ₹100 Lac each {See Foot Note No.4 & 7}	10000.00	10000.00
1750 (Previous year Nil) 10.90 % Redeemable Non Convertible Debentures of ₹10 Lac each {See Foot Note No.5 & 6}	17500.00	-
	71500.00	26000.00
Cash Credit (See Foot Note No.8)		
From Banks		
a) Foreign Currency Loans	41909.19	6454.91
b) Rupee Loans	39259.57	46945.41
	81168.76	53400.32
Term Loan (See Foot Note No.9)		
1. From Banks		
a) Foreign Currency Loans	334508.52	175835.80
b) Rupee Loans	739017.84	560541.26
	1073526.36	736377.06
2. From Financial Institutions		
Rupee Loans	12942.80	16914.24
Vehicle Loan from Bank (See Foot Note No.10)		
	47.25	4.38
	1239185.17	832696.00

The amount of loan includes interest due and accrued thereon.

Foot Note:

- (1) 8.15% Redeemable Non-Convertible Debentures are redeemable at par in three equal annual installments commencing from 4th year from the date of disbursement i.e.24.04.2006. ₹33.33 Lacs (Previous Year Nil) per Debenture have been redeemed during the year.
- (2) 10.20% Redeemable Non-Convertible Debentures are redeemable at par in one bullet payment at the end of 7th year from the date of allotment i.e.26.03.2007.
- (3) 10.50 % Redeemable Non-Convertible Debentures are redeemable at par in three equal annual installments commencing from the end of 6th year from the date of allotment i.e.13.08.2010.
- (4) 12% Redeemable Non-Convertible Debentures (subordinate debt) are redeemable at par in one bullet payment at the end of 10th year from the date of allotment i.e.31.03.2008.
- (5) 10.90 % Redeemable Non-Convertible Debentures are redeemable at par in Four equal annual installments commencing from the end of 5th year from the deemed date of allotment i.e.26.08.2010.
- (6) Secured by first charge on pari passu basis inter-se on the fixed assets of the company.
- (7) Secured by Subsequent and subservient charge by way of hypothecation on the present and future assets of the company so as to maintain minimum asset coverage of 1.25 times, throughout the currency of the Debentures. Debentures are further secured by pledge of Equity Shares of Bhushan Steel Limited, having market value not less than 1.5 times of loans, held by promoters/ promoter entities, and Personal Guarantee of two promoter directors.
- (8) Secured by hypothecation of stocks & book debts, second charge on company's land, building and other immovable properties ranking pari passu inter-se, personal guarantee of two promoter directors.
- (9) Secured by mortgage of land & building and charge on all of the company's immovable & movable properties (except book debts) both present and future including movable machinery, spares, tools & accessories, ranking pari passu inter-se, with the trustee of Debentures holders subject to prior charges created in favour of banks on stocks etc. for securing borrowing for working capital requirement, except ₹180368 Lacs (Previous Year ₹118277 Lacs) secured by subsequent and subservient charge on movable assets. The above includes ₹105599 Lacs (Previous Year ₹104955 Lacs) on which security by way of mortgage of land & building and charges on all the company's immovable properties is yet to be created. Out of these loans ₹846422 Lacs (Previous Year ₹572098 Lacs) is guaranteed by personal guarantee of two promoter directors and ₹240047 Lacs (Previous Year ₹171119 Lacs) is guaranteed by personal guarantee of one promoter director. Foreign currency loans include ECA loans of ₹146366 Lacs (Previous Year ₹121171 Lacs) secured by specific charge on the assets financed and personal guarantee of two promoter directors.
- (10) Secured by hypothecation of specific assets.

Schedules forming part of the Consolidated Accounts

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-4 UNSECURED LOANS		
Rupee Loans From Bank		
- Term Loan / Commercial Paper*	262079.04	180465.31
Foreign Currency Loans		
- From Foreign Banks **	117412.03	112194.71
- From Indian Banks	39210.71	13440.00
- From Others	1376.55	1614.51
	157999.29	127249.22
	420078.33	307714.53

The amount of loan includes interest due and accrued thereon.

* Including Commercial Paper ₹ 58500 Lacs (Previous Year ₹ 10000 Lacs), maximum balance of Commercial Paper outstanding during the year ₹ 70000 Lacs (Previous Year ₹ 20000 Lacs), and are personally guaranteed by two promoter directors.

** ₹98820 Lacs (Previous Year ₹ 101730 Lacs), personally guaranteed by two promoter directors.

SCHEDULE-5 FIXED ASSETS

(₹ in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost as at 01.04.2010	Addition During the Year	Sale During the Year	Adjustment During the Year	Cost as at 31.03.2011	As at 01.04.2010	During the Year	Written Back During the Year	Adjustment During the Year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets												
Freehold Land	14817.45	1909.10	-	-	16726.55	-	-	-	-	-	16726.55	14817.45
Leasehold Land	7177.64	1976.86	-	-	9154.50	131.27	14.67	-	-	145.94	9008.56	7046.37
Building	76731.67	188272.72	3.27	349.62	264651.50	10458.44	4946.08	1.66	349.62	15053.24	249598.26	66273.23
Railway Siding	27.50	20847.12	-	-	20874.62	2.68	484.22	-	-	486.90	20387.72	24.82
Plant & Machinery	262855.10	861528.71	694.88	3384.38	1120304.55	146190.47	20764.34	680.39	3384.38	162890.04	957414.51	116664.63
Furniture & Fixtures	1299.89	125.82	-	-	1425.71	718.98	118.90	-	-	837.88	587.83	580.91
Vehicles	4168.77	1038.55	84.23	-	5123.09	1901.98	405.96	64.69	-	2243.25	2879.84	2266.79
Intangible Assets												
Computer Software	420.96	63.69	-	-	484.65	385.36	39.04	-	-	424.40	60.25	35.60
Assets Not Owned by Company	1097.57	2633.64	-	-	3731.21	868.46	2862.75	-	-	3731.21	-	229.11
Total	368596.55	1078396.21	782.38	3734.00	1442476.38	160657.64	29635.96	746.74	3734.00	185812.86	1256663.52	207938.91
Previous Year	328188.79	41153.67	745.91	-	368596.55	139589.19	21797.43	728.98	-	160657.64		
Capital Work in Progress [Includes Pre-operative expenses and advances to suppliers unsecured considered good]											753993.07	1119464.38
											2010656.59	1327403.29

NOTES:

1. Certain Buildings under possession of the Company are pending registration in the name of the Company.
2. No write off has been done for leasehold land acquired on lease of 90 years and more.
3. Additions to Plant & Machinery and Capital Work In Progress includes Adjustment on account of loss (Previous Year gain) of foreign exchange fluctuation for the year ₹8046.82 Lacs (Previous Year ₹31119.58 Lacs).
4. Depreciation for the year includes ₹1850.05 Lacs (Previous Year ₹883.58 Lacs) charged to capital work in progress.
5. Adjustment During the year includes ₹3734.00 Lacs (Previous Year Nil) amount of depreciation capitalised.



BHUSHAN

(₹ in Lacs)

	As at 31.03.2011		As at 31.03.2010	
SCHEDULE-6 INVESTMENTS				
LONG TERM INVESTMENTS (FULLY PAID)				
NON TRADE (AT COST)				
QUOTED				
Tata Steel Ltd.				
13,500 Equity Shares of ₹10/- each	58.08		58.08	
Sequent Scientific Ltd.				
(Earlier Known as P I Drugs & Pharmaceuticals Ltd.)				
62,000 Equity Shares of ₹10/- each	43.58		43.58	
Rocklands Rich Fields Ltd.				
2,000 Ordinary Share of AUD 0.20 each	0.21		0.21	
	101.87		101.87	
UNQUOTED				
Jawahar Credit & Holdings Limited				
43,21,871 Equity Shares of ₹10/- each	940.31		940.31	
Bhushan Capital & Credit Services Limited				
43,21,871 Equity Shares of ₹10/- each	940.31		940.31	
Bhushan Buildwell Pvt. Ltd.				
4,900 Equity Shares of ₹10/- each	0.49		0.49	
	1881.11		1881.11	
TRADE (AT COST)				
UNQUOTED				
In Associates				
Bhushan Energy Limited				
3,00,00,000 Equity Shares of ₹10/- each with Premium of ₹25/- each	10500.00		10500.00	
Cost of Investment Including ₹7398.58 Lacs Goodwill arising on Consolidation				
Add: Share of post acquisition profit	255.50		25.20	
In Others				
Saraswat Co-operative Bank Ltd.				
2,500 (Previous Year Nil) Equity Shares of ₹10/- each	0.25		-	
	10755.75	12738.73	10525.20	12508.18
CURRENT INVESTMENTS (FULLY PAID)				
NON TRADE, QUOTED				
LIC MF Liquid Fund - Dividend Plan				
Nil (Previous Year 136639865.502 Units)	-		15003.19	
Vector Resources Ltd.				
8,55,000 shares of AUD 0.20 each and 3,12,500 options	56.25		36.37	
	56.25		15039.56	
NON TRADE, UNQUOTED				
Indusind Bank Limited				
250 Redeemable Non Convertible Bonds of ₹10,00,000/- each	2475.00	2531.25	2475.00	17514.56
		15269.98		30022.74
ADVANCE FOR SHARE CAPITAL				
In Others				
Angul Sukinda Railway Ltd.				
Share Application Money		1000.00		400.00
TOTAL		16269.98		30422.74
Aggregate Value of	Book Value	Market Value	Book Value	Market Value
Quoted Investment	158.12	190.89	15141.43	15209.50
Unquoted Investment	15111.86	-	14881.31	-

Schedules forming part of the Consolidated Accounts

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-7 INVENTORIES		
Raw Material	174423.54	107509.42
Finished Goods	81073.81	41054.65
Work-in-Progress	38490.26	31335.83
Stores	23450.34	16966.44
Scrap	1179.93	679.94
	318617.88	197546.28
SCHEDULE-8 SUNDRY DEBTORS		
(Unsecured)		
Outstanding for a Period exceeding Six Months		
- Considered Good	5809.34	6384.94
- Considered Doubtful	932.69	728.37
	6742.03	7113.31
Less: Provision	932.69	728.37
	5809.34	6384.94
Others - Considered Good	43194.87	68738.20
	49004.21	75123.14
SCHEDULE-9 CASH & BANK BALANCES		
Cash on Hand	65.55	64.22
Balances with Scheduled Banks:		
- In Current Accounts	2917.88	9978.30
- In Deposit Accounts*	544.86	1977.33
(Including interest accrued but not due)		
Balances with other Banks:		
- In Current Accounts	1187.08	1105.45
	4715.37	13125.30
*[Including ₹8.57 Lacs (Previous Year ₹776.06 Lacs under bank lien)]		
SCHEDULE-10 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind or for Value to be Received*	48600.09	36172.44
Inter Corporate Deposit (Including Interest Accrued)	7923.80	10050.00
Security Deposits	6314.50	2137.93
MAT Recoverable	27242.30	-
Balance with Excise Department	15.72	24.21
Excise Duty Recoverable / Service Tax Recoverable	43219.46	47128.83
	133315.87	95513.41
*[Includes ₹16.98 Lacs (Previous Year ₹27.09 Lacs) Due from Director of Foreign Subsidiary]		



BHUSHAN

(₹ in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE-11 CURRENT LIABILITIES		
Sundry Creditors	113193.64	98009.26
Creditors for Capital Goods/ Expenditure	84060.25	55563.48
Unclaimed Dividend *	820.72	680.67
Due to Directors	6.66	5.45
Subsidiaries Bill Discounted	3160.64	3508.85
Interest Accrued but not Due	4492.13	2611.81
	205734.04	160379.52

* These figures do not include any amounts, due and outstanding, to be credited to Investors Education and Protection Fund.

SCHEDULE-12 PROVISIONS

Proposed Dividend	1431.93	1085.10
Tax on Dividend	232.30	180.22
Provision For Tax (Net)	1875.66	1504.82
Retirement Benefits	1302.82	875.47
	4842.71	3645.61

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE-13 OTHER INCOME		
Profit on Sale of Non Trade Current Investments	156.76	0.21
Interest Earned*		
- From Long Term Investments	417.05	258.40
- From Bank on FDRs	6.01	0.57
- From Others	1775.15	2397.86
	2198.21	2656.83
*{(Including Income Tax Deducted at Source ₹153.91 Lacs (Previous Year ₹298.64 Lacs) and Excluding interest earned of ₹48.03 Lacs (Previous Year ₹44.59 Lacs) transferred to Projects)}		
Dividend:		
- From Long Term Non - Trade Investments	-	2.18
- From Current Non-Trade Investment	45.70	3.19
	45.70	5.37
Profit on Sale of Fixed Assets (Net)	154.64	131.55
Exchange Fluctuation (Net)	4276.56	8341.00
Diminution in the value of Investment Written Back	15.55	1.61
Miscellaneous Income	88.11	434.70
	6935.53	11571.27

Schedules forming part of the Consolidated Accounts

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE-14 MANUFACTURING & OTHER EXPENSES		
Raw Material Consumed	427688.65	385757.82
Purchase of Goods Traded	249.24	641.98
Stores Consumed	20020.59	16407.22
Packing Material Consumed	2839.79	2470.54
Power & Fuel	52202.52	21498.03
Repairs & Maintenance		
- Plant & Machinery	2035.78	1305.38
- Buildings	122.52	102.67
Excise Duty Provided on Stock (Net)	5665.20	1857.97
Salary, Wages & Bonus	21620.19	13472.41
Contribution to P.F. and Other Funds	414.64	498.57
Staff Benefits	337.02	246.94
Rates & Taxes	1392.16	525.99
Administrative Expenses	37551.79	17588.45
Legal & Professional Expenses	1920.36	977.78
Rent	479.99	441.15
Insurance	1166.37	818.97
Auditors' Remuneration	91.81	91.55
Selling & Distribution Expenses	22161.38	16994.44
Commission to Selling Agents	554.34	605.24
Bad Debts Written off	-	24.83
Less: Provision for Doubtful Debts Written back	-	24.83
Provision for Doubtful Debts	204.32	287.32
	598718.66	482590.42
Increase/Decrease in Stock of Finished Goods, Work-in-Progress and Scrap		
Opening Stock		
Finished Goods	41054.65	24084.62
Work-in-Progress	31335.83	16325.08
Scrap	679.94	1835.99
	73070.42	42245.69
Closing Stock		
Finished Goods	81073.81	41054.65
Work-in-Progress	38490.26	31335.83
Scrap	1179.93	679.94
	120744.00	73070.42
Net (Increase)/Decrease in Stock	(47673.58)	(30824.73)
	551045.08	451765.69
Less: Transfer to Project under Commissioning		
Pre-operative Expenses / Trial Run Expenses (Net)	50019.47	30616.97
Cost of Material Transferred to Projects/ Internal Use	3863.12	3389.74
	497162.49	417758.98

**BHUSHAN**

(₹ in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE-15 INTEREST & FINANCIAL CHARGES		
Interest on :		
- Debentures	10281.78	4282.04
- Term Loans	112715.13	80569.12
- Others	11829.62	8575.15
Exchange Fluctuation	9202.91	-
Commission & Bank Charges	19347.11	7439.27
	163376.55	100865.58
Less: Borrowing cost transferred to Project Under Commissioning / Trial Run	118605.81	79580.78
	44770.74	21284.80

SCHEDULE-16 SIGNIFICANT ACCOUNTING POLICIES**1. PRINCIPLES OF CONSOLIDATION:**

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiaries and joint venture company have been combined on a Line-by-Line basis by adding together like items of assets, liabilities, income & expenses. The intra-group balances and intra-group transactions and unrealized profits or losses are fully eliminated.
- ii. The Company holds 49.11% of equity of Jawahar Credit & Holding Limited and 49.56% of equity of Bhushan Capital & Credit Services Limited, however, the Company does not have significant influence on these companies i.e. Jawahar Credit & Holding Limited and Bhushan Capital & Credit Services Limited, hence, the financial statements of these companies have not been consolidated in terms of Accounting Standard (AS)-23 notified by Companies (Accounting Standards) Rules, 2006.
- iii. In case of foreign subsidiary, being integrated foreign operations, revenue items are consolidated at the exchange rate prevailing at the date of the transaction. Foreign currency monetary items are converted at rates prevailing at the end of the year. Non-Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the transaction date. Non-Monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Any exchange difference arising on consolidation is recognized in the Profit & Loss account.
- iv. In case of foreign subsidiaries, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- v. The excess of cost of the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investments, is in excess of cost of investment of the Company, it is recognized as "Capital Reserves" and shown under the head "Reserves and Surplus", in the consolidated financial statements.
- vi. In the case of Associates, investment in Associates is accounted for using equity method in accordance with Accounting Standard (AS)-23 "Accounting for Investments in Associates in Consolidated Financial Statements".
- vii. The difference between the cost of investment in the Associates and the net assets at the time of acquisition of shares in the Associate is identified in the Financial Statements as Goodwill or Capital Reserve as the case may be.
- viii. Interest in Joint venture have been accounted by using the proportionate consolidation method as per Accounting Standards (AS)-27 on "Financial Reporting of Interest in Joint Ventures" notified by Companies (Accounting Standards) rules, 2006.
- ix. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.

x. The following subsidiary companies are considered in the preparation of consolidated financial statements:

Name of the Company	Country of Incorporation	% age of Voting Power either directly or through Subsidiaries as at 31st March, 2011
Bhushan Steel Bengal Ltd (Incorporated on 27th April, 2010)	India	100.00
Bhushan Steel (Orissa) Ltd(Incorporated on 27th April, 2010)	India	100.00
Bhushan Steel (South) Ltd (Incorporated on 27th April, 2010)	India	100.00
Bhushan Steel Madhya Bharat Ltd (Incorporated on 27th April, 2010)	India	100.00
Bhushan Steel Global FZE	U.A.E.	100.00
Bhushan Steel (Australia) PTY Ltd.	Australia	100.00
Bowen Energy Ltd. (from 28th July, 2009) # **	Australia	73.60
Kondor Holdings PTY Ltd. *	Australia	100.00
Bowen Coal PTY Ltd. *	Australia	100.00
Bowen Consolidated PTY Ltd. *	Australia	100.00
Capricorn Metals Ltd. *	Australia	100.00
Capricorn Resources (Australia) Ltd. *	Australia	100.00
Golden Country Resources (Australia) PTY Ltd. *	Australia	100.00
Bowen Energy (Asia) PTE Ltd. *^	Singapore	100.00

** Subsidiary of Bhushan Steel (Australia) PTY Ltd.

Earlier associate company became subsidiary company w.e.f 28th July, 2009.

* Subsidiaries of Bowen Energy Ltd.

^ Has been struck off.

xi. The Joint Venture Company considered in the Consolidated Financial Statement is :-

Name of the Company	Country of Incorporation	Proportion of Ownerships Interest
Andal East Coal Company Pvt. Ltd. (Incorporated on 22nd September, 2009)	India	331/3%

xii. The Associate Companies considered in the Consolidated Financial Statement are:-

Name of the Company	Country of Incorporation	Proportion of Ownerships Interest
Bhushan Energy Ltd. (from 2nd Dec.,2009)	India	29.64%
Angul Sukinda Railway Ltd. (from 27th May,2009)	India	Pending Allotment

xiii. The financial statements of the subsidiary, associate and joint venture companies used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31st March, 2011.

2. Investments other than in Subsidiaries, Joint Venture and Associates have been accounted as per Accounting Standard (AS)-13, on "Accounting for Investments".

3. OTHER SIGNIFICANT ACCOUNTING POLICIES:

I. CONVENTION

Financial statements are prepared in accordance with generally accepted accounting principles, applicable Accounting Standards and in accordance with relevant requirements of the Companies Act, 1956. A summary of important accounting policies, which have been applied consistently, is set out below.

II. USE OF ESTIMATES

The preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

III. BASIS FOR PREPARATION OF ACCOUNTS

Financial statements are prepared in accordance with the historical cost convention on accrual basis.

IV. FIXED ASSETS

Fixed Assets are stated at cost, net of Modvat/Cenvat/Vat/GST, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term monetary items attributable to depreciable fixed assets are capitalised. Capital expenditure on assets not owned by the company with exclusive right to use is reflected in capital work in progress till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

V. INTANGIBLE ASSETS

Computer software is capitalized on the date of installation and is amortised over a period of three years.

VI. IMPAIRMENT OF ASSETS

Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

VII. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except:-

Cold Rolling Plant situated at Sahibabad acquired prior to 1st April, 1996, Galvanizing Plant, Power Plant acquired before 1st April, 2002 including addition or, extension forming integral part of above plants on which depreciation is provided on written down value method.

Plant situated at Khopoli (Maharashtra) on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

On incremental / decremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation has been provided as aforesaid over the residual life of the respective plants.

Capital expenditure on assets not owned by the company with exclusive right to use is amortized over a period of five years from the year in which the relevant assets have been completed and available for use. In other cases these are amortised in the year in which expenditure is incurred.

Premium on leasehold land is amortised over the period of lease except on leasehold land acquired on lease of ninety years or more. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing ₹5000 or less are depreciated in full in the year of purchase.

VIII. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currency outstanding at the year end are translated at exchange rate applicable on the date of Balance Sheet. Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases of long term monetary items, where these relate to the acquisition of depreciable fixed assets, are adjusted to the carrying cost of such assets and in other cases are amortized over the period of such long term monetary item or 31st March, 2012, whichever is earlier.

IX. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

X. INVESTMENTS

Investments are classified into current investments and long term investments. Current investments are stated at the lower of cost and quoted / fair value. Long term investments are stated at cost, provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

XI. DIVIDEND INCOME

Dividend on investments is accounted for as and when the right to receive the same is established.

XII. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are inclusive of sales during trial run, excise duty, custom duty and net of sales tax & discount. Export sales are net of ocean freight, insurance and discount.

XIII. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except scrap which is valued at net realisable value. The Cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise Duty on closing stock of finished goods and scrap is accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

XIV. MODVAT /CENVAT/VAT/GST

Modvat/Cenvat/VAT/GST claimed on capital goods is credited to Assets / capital work in progress account. Modvat/Cenvat/VAT/GST on purchase of raw materials and other materials are deducted from the cost of such materials.

XV. INCOME TAX

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company.

Minimum Alternate Tax (MAT) paid in accordance with the Income Tax Act, 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset.

In accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred Tax Liability for timing differences between the book and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

XVI. CLAIMS

Claims receivables are accounted for depending on the certainty of receipt and claims payables are accounted for at the time of acceptance.

XVII. PROPOSED DIVIDEND

Dividend as proposed by the Directors is provided for in the books of account, pending approval at the Annual General Meeting.

XVIII. EMPLOYEE BENEFITS

Short term employee benefits (benefits which are payable within twelve months after end of the period in which the employees render service) are measured at cost. Long term employee benefits (which are payable after the end of twelve months from end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contribution.

Company's contribution to state defined contribution plans namely Employee State Insurance and Maharashtra Labour Welfare Fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

The cost of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized in the Balance Sheet represent the present value of the obligations as reduced by the fair value of Plan Assets. Any Asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

XIX. PROVISION AND CONTINGENT LIABILITY

Show cause notices issued by various government authorities are not considered as obligation. Where the demand notices are raised, the show cause notice, disputed by the company, is classified as possible obligation.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

XX. FINANCIAL DERIVATIVES TRANSACTIONS

In respect of the financial derivative contracts the premium/ interest paid and profit/loss on settlement is charged to Profit and Loss account. The contracts entered into are mark to market at the year end and the resultant profit /loss is charged to Profit and Loss account except where these relate to long term monetary item attributable to depreciable fixed assets in which case it is adjusted to the cost of fixed assets.

SCHEDULE- 17 NOTES ON ACCOUNTS

	(₹ in Lacs)	
	Current Year	Previous Year
1. Contingent Liabilities in respect of :		
(a) Sales Tax	0.75	0.75
(b) Excise Duty/Service Tax	17573.31	4.95
(c) Entry Tax	5654.41	-
(d) Outstanding guarantees issued by the banks counter guaranteed by the company including letter of credits	78354.15	79917.77
(e) Bills Discounted	18647.66	8016.06
2. Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹572893.35 Lacs (Previous Year ₹393176.57 Lacs) (Net of Advances).		
3. There is no present obligation arising from past events requiring provision in accordance with the guiding principle as enunciated in Accounting Standard (AS)-29 as it is not probable that an outflow of resources embodying economic benefit will be required.		
4. a) 25% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each are allotted at a price of ₹2500/- per share during the year on private placement basis. The preference shares are redeemable at a price that shall give aggregate yield to the holders of 1% accrued on day to day basis on the face value together with the premium of the preference shares, within 48 Months from the date of allotment i.e 28th March, 2011 in such trenches as stipulated in the subscription agreement .		
b) 4% Non Convertible Cumulative Redeemable Preference Shares of ₹100/- each are allotted at a price of ₹2500/- per share during the year on private placement basis. The Preference Shares shall be redeemed at an amount in INR , such that the subscribers get yield of 11.7% per annum on the amount outstanding within 36 Months from the date of allotment, i.e 29th March, 2011 in such trenches as stipulated in the subscription agreement.		
c) 10% Redeemable Cumulative Preference Shares of ₹100/- each are allotted at a price of ₹3000/- per share during the year on private placement basis. The Preference Shares are redeemable at a premium of ₹2900/- before the expiry of ten years from the date of allotment i.e. 30th March, 2011 for 15,00,300 shares .		
d) 10% Redeemable Cumulative Preference Shares of ₹100/- each are allotted at a price of ₹3000/- per share during the previous year on private/preferential placement basis. The Preference Shares are redeemable at a premium of ₹2900/- before the expiry of ten years from the date of allotment i.e. 29th January, 2010 and 31st March, 2010 for 13,34,800 and 23,33,500 shares respectively.		
5. Audited financial statements of Bhushan Energy Ltd. and un-audited financial statements of Angul Sukinda Railway Ltd., the Associate companies, have been considered for consolidation.		
6. Bowen Energy Ltd. (Australia) was an associate company till 27th July, 2009 and has become subsidiary w.e.f. 28th July, 2009. The consolidated financial statement of Bowen Energy Ltd. and its subsidiaries has been consolidated as certified by the management to be in compliance with the applicable Indian Accounting Standards and relevant provisions of the Companies Act, 1956.		
7. Bhushan Steel (Australia) Pty Ltd. is 100% subsidiary of Bhushan Steel Ltd. Bhushan Steel (Australia) Pty Ltd. is the holding company of Bowen Energy Ltd., a public quoted Co., listed in Security Exchange in Australia and holds 73.60% (Previous Year 59.65%) equity shares of Bowen Energy Ltd. Bhushan Steel (Australia) Pty Ltd. has invested the amount in Bowen Energy Ltd. out of the		

proceeds received from its Holding Company (i.e. Bhushan Steel Limited) which are being utilized by Bowen Energy Ltd., In exploration of mines.

In Notes to Accounts on the Financial Statements of subsidiary M/s Bowen Energy Ltd.(Australia), following notes have been given involving material items:

“The Consolidated Entity incurred a loss after tax for the half year of \$ 796,694 (2009: \$ 11,523,326) and, as of that date the Consolidated Entity’s current liabilities exceeded its current assets by \$6,540,798 (2009: \$4,906,698). At 31st December, 2010 the Consolidated Entity had a deficiency of equity amounting to \$3,361,306 (30 June, 2010: \$2,627,932).

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity’s ability to continue as a going concern.

The Consolidated Entity’s ability to continue as a going concern is reliant on funds being made available to finance future operations. The Consolidated Entity has a facility of \$10 million in place with its ultimate parent company, Bhushan Steel Limited from which to drawdown. A letter of support has been received from Bhushan Steel Limited which states that they will continue to support the Consolidated Entity, and will not call for repayment of their loan until the Consolidated Entity has sufficient funds to do so. The directors believe this is sufficient to ensure the Consolidated Entity can pay their debts as and when they fall due in the ordinary course of business.

The financial report has been prepared on the basis of a going concern. This basis assumes that funds will be available to finance future operations and that the realization of the assets and settlement of liabilities will occur in the normal course of business.

Should the Consolidated Entity be unable to continue as a going concern it may be required to realize its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The half year financial report does not include any adjustments relating to the recoverability and classification of asset carrying amount or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.”

The loss shown in the Balance Sheet of the Bowen Energy Ltd. Australia as mentioned in above note, consist mainly expenditure incurred by the company on exploration activity of its various mines which are still not operational, however, in accordance with generally accepted accounting principles in India, the same has been treated as capital work in progress.

In the opinion of the parent company’s management, the note given by the auditors of Bowen Energy Ltd., Australia is not applicable as loss has been capitalised to CWIP in the consolidated Balance Sheet of Bhushan Steel Ltd., as per generally accepted accounting principles in India.

8. Related Party Information:

(I) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

a) Associates

Angul Sukinda Railway Ltd.
Bhushan Energy Ltd. (from 2nd December, 2009)

b) Key Management Personnel

Sh. Neeraj Singal (Vice Chairman & Managing Director)
Sh. P.K. Aggarwal (Whole time Director)
Sh. Nittin Johari (Whole time Director)
Sh. Rahul Sen Gupta (Whole time Director)

c) Relatives of Key Management Personnel

Smt. Ritu Singal (Wife of Vice Chairman & Managing Director)
Shri B.B. Singal (Chairman & Father of Vice Chairman & Managing Director)

d) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

Arshiya International Ltd.
Bhushan Aviation Ltd.
Bhushan Energy Ltd. (up to 1st December, 2009)

(II) Transactions Carried out with related parties referred in (I) above, in ordinary course of business:

(₹ in Lacs)

PARTICULARS	Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP & their relatives have significant influence		Grand Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration and Perks	-	-	278.36	172.05	27.17	19.52	-	-	305.53	191.57
Director Sitting Fees	-	-	-	-	5.45	-	-	-	5.45	-
Investments in Share Capital/ Share Application Money	600.00	7400.00	-	-	-	-	-	-	600.00	7400.00
Purchase of Goods/ Services	40752.46	8428.15	-	-	-	-	7070.84	6817.47	47823.30	15245.62
Sales of Goods/Services	2166.57	224.52	-	-	-	-	-	-	2166.57	224.52
Rent Received	-	-	-	-	-	-	1.20	0.13	1.20	0.13
Advance Received for sale of Investment	1500.00	-	-	-	-	-	-	-	1500.00	-
Outstanding										
Receivable	-	-	-	-	-	-	-	154.55	-	154.55
Payable	847.92	308.27	6.66	5.45	-	-	136.04	481.90	990.62	795.62

Disclosure in Respect of Material Related Party Transaction during the year :

- Remuneration & Perks include payment to Shri Neeraj Singal ₹ 90.95 Lacs (Pre. Year ₹90.37 Lacs), Shri P.K. Aggarwal ₹45.14 Lacs (Pre. Year ₹23.71 Lacs), Shri Nittin Johari ₹55.77 Lacs (Pre. Year ₹33.24 Lacs), Shri Rahul Sengupta ₹41.98 Lacs (Pre. Year ₹23.60 Lacs), Smt Ritu Singal ₹27.17 Lacs (Pre. Year ₹19.52 Lacs, and others ₹44.52 Lacs (Pre. Year ₹1.13 Lacs).
- Directors sitting fees is paid to Shri B.B. Singal ₹5.45 Lacs (Pre. Year Nil)
- Investment in Share Capital/ Share Application Money include Bhushan Energy Ltd. ₹ Nil (Pre. Year ₹7000 Lacs) and Angul Sukinda Railway Ltd. ₹600 Lacs (Pre. Year 400 Lacs).
- Purchase of Goods/Services is from Arshiya International Ltd. ₹5217.80 Lacs (Pre. Year ₹3699.61 Lacs), Bhushan Energy Ltd. ₹40752.46 Lacs (Pre. Year ₹9847.39 Lacs) and Bhushan Aviation Ltd. ₹1853.04 Lacs (Pre. Year 1698.62 Lacs).
- Sale of Goods/ Services is to Bhushan Energy Ltd. ₹2166.57 Lacs (Pre. Year ₹224.52 Lacs).
- Rent Received is from Bhushan Aviation Ltd. ₹1.20 Lacs (Pre. Year ₹0.13 Lacs).
- Advance received for sale of Investment is from Bhushan Energy Ltd ₹1500.00 Lacs (Pre. Year Nil)
- The Company is engaged in the steel business, which in the context of Accounting Standard(AS)-17, is considered the only primary business segment and its subsidiary M/s Bowen Energy Ltd. has acquired Coal & other Metal Mines which are under exploration and are not under operation hence only one primary business segment has been considered.

Gross Revenue of the Company as per Geographical Segment is as follows:

(₹ in Lacs)

	Current Year	Previous Year
Within India	633751.16	475671.01
Outside India	120903.67	120929.45
Total	754654.83	596600.46

The Company has common fixed assets, other assets and liabilities for producing goods for domestic as well as overseas market.

- Fixed Assets include one cold rolling mill established in 1992 damaged in fire accident in the year 1998-99. The amount received from Insurance Company for reinstatement /repair of the mill is included in other liabilities as the matter is still sub-judice. The amount received shall be adjusted on final disposal of the pending suit.

- Major components of deferred tax assets and liabilities arising on account of timing difference are:

(₹ in Lacs)

	Current Year	Previous Year
Deferred Tax Liability		
(i) Related to Fixed Assets	70556.70	33351.65
Total (A)	70556.70	33351.65
Deferred Tax Assets		
(i) Provision of Doubtful Debts	302.61	247.57
(ii) Other Items	422.50	150.26
Total (B)	725.11	397.83
Deferred Tax Liability Net (A-B)	69831.59	32953.82

12. Pre-operative Expenses (In respect of projects to be capitalised)

(₹ in Lacs)

	Current Year	Previous Year
Opening Balance	251483.28	146877.28
Add: Pre-operative Expenses		
1. Transferred from Profit & Loss Account	57768.70	24473.75
2. Trial Run Exp./ (Gain) (Net) transferred from Profit & Loss Account	(7749.23)	6143.22
3. Depreciation	1850.05	883.58
4. Interest & Financial Charges		
- During Construction	102082.98	72949.53
- During Trial Run	16522.83	6631.25
	170475.33	111081.33
	421958.61	257958.61
Less : Interest earned during construction period	48.03	44.59
	421910.58	257914.02
Less: Capitalised		
- Pre-Operative Expenses	266859.71	6430.74
- Depreciation	3734.00	-
- Trail Run Expenses (Net)	38828.70	-
	309422.41	6430.74
TOTAL	112488.17	251483.28

13. Earning Per Share

(i) <u>Weighted Average No. of Equity Shares</u> Equity Shares at the beginning of the Year	212358310	212358310
(ii) <u>Equity Shares for Calculating Diluted Earning per Share</u> Weighted Average No. of Equity Shares	212358310	212358310
(iii) Profit After Tax including Minority interest and share of profit of Associates (₹ In Lacs)	100739.46	84318.21
Less: -Dividend on Preference Shares (Including Dividend Tax)	430.19	27.18
Profit after Dividend on Preference Shares	100309.27	84291.03
(iv) Earning Per Share (₹)		
- Basic [(iii)/(i)]	47.24	39.69
- Diluted [(iii)/(ii)]	47.24	39.69

Note : The company has split its Equity Shares of ₹2/- each in September 2010, Accordingly Earning Per Share has been calculated/ recalculated based on the increased number of Equity Shares for the previous year as required by Accounting Standard (AS) -20.

14. The Company in respect of Khopoli unit was availing sales tax exemption scheme. However, during the year the company has opted "Deferral Scheme" of sales tax and paid VAT on the basis of Net Present Value (NPV).

Tax difference between the amount payable and amount paid under NPV amounting to ₹4120.46 Lacs (Previous Year ₹2383.82 Lacs) being capital receipt has been credited to Capital Reserve.

15. DERIVATIVES

I. The company has not entered into any derivatives instruments to hedge the foreign currency contracts. There is no derivative contract outstanding as on the date of the Balance Sheet.

II. The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below :-

	Current Year		Previous Year	
	US\$ equivalent (Million)	INR equivalent (Lacs)	US\$ equivalent (Million)	INR equivalent (Lacs)
a) Amount receivable in Foreign Currency on Account of				
Sale of Goods	3.52	1567.29	10.64	4766.59
Advance against Goods	161.50	71899.05	107.02	47945.43
b) Amount receivable in Foreign Currency on Account of				
Acceptances	173.08	77054.18	159.49	71450.89
Bills Discounted	20.80	9261.33	9.65	4323.06
Creditors	131.37	58484.51	31.00	13886.25
Loans /Interest Payable	1206.31	537049.02	694.29	311039.33

16. As per Accounting Standards (AS)-15 on "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standards are given below :-

A. Defined Contribution Plans:

Contribution to defined contribution plans, recognized as expenses / Pre-Operative Expenses are as under.

(₹ in Lacs)

	Current Year	Previous Year
a) Employer contribution to Provident Fund & Other Funds	414.25	498.46
b) Employer contribution to State Plans	56.35	31.84
i) Employee State Insurance	56.21	31.73
ii) Maharashtra Labour Welfare Fund	0.14	0.11

B. Defined Benefit Plans:

- a) Leave Encashment/ Compensated Absence.
b) Contribution to Gratuity Funds - Employee's Gratuity Fund.

In accordance with Accounting Standard (AS)-15 (Revised 2005), the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumptions:

(₹ in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
i) Actuarial Assumptions				
Discount Rate (per annum)	8%	8%	8%	8%
Rate of increase in compensation levels	5%	5%	5%	5%
Rate of return on plan assets.	-	-	8%	8%
Expected Average remaining working lives of employees (years)	26	26	26	26
ii) Change in the obligation during the year ended 31st March, 2011				
Present value of obligation as at 31st March, 2010	816.91	687.07	987.54	640.44
Impact of Transition provision of (AS)-15	-	-	-	-
Interest cost	65.35	54.97	77.04	48.97
Past Service cost	-	-	-	-
Current service cost	327.66	221.15	226.53	299.10
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(294.36)	(36.41)	(49.04)	(56.54)
Actuarial (gain)/ loss on Obligations	153.01	(109.87)	30.99	55.57
Present value of obligation as at 31st March, 2011	1068.57	816.91	1273.06	987.54

(₹ in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
iii) Change in fair value of Plan Assets				
Fair value of Plan Assets as at 31st March, 2010	-	-	929.17	647.50
Expected return on Plan Assets	-	-	72.39	60.85
Contributions	-	-	76.84	282.88
Benefits Paid	-	-	(49.04)	(56.54)
Actuarial gain/ (loss) on Obligations	-	-	10.07	(5.52)
Fair value of Plan Assets as at 31st March, 2011	-	-	1039.43	929.17
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Plan Assets				
Present value of obligation as at 31st March, 2011	1068.57	816.91	1273.06	987.54
Fair value of Plan Assets as at 31st March, 2011	-	-	1039.43	929.17
Funded Status	(1068.57)	(816.91)	(233.63)	(58.37)
Present value of un-funded obligation as at 31st March, 2011	-	-	-	-
Un-funded Actuarial (gains)/ losses	-	-	-	-
Un-funded Net Asset/ (Liability) recognised in Balance Sheet	(1068.57)	(816.91)	(233.63)	(58.37)
v) Expenses / Pre-Operative expenses recognised in Profit and Loss Account				
Current service cost	327.66	221.15	226.53	299.10
Past Service cost	-	-	-	-
Interest cost	65.35	54.97	77.04	48.97
Expected return on Plan Assets	-	-	(72.39)	(60.85)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	153.01	(109.87)	20.92	61.09
Total Expense recognised in Profit and Loss Account / Pre-Operative expenses	546.02	166.25	252.10	348.31

The estimate of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.

The above details do not include expenditure/payables of joint venture amounting to ₹0.62 Lacs (Previous Year ₹0.19 Lacs) provided on accrual basis.

17. Previous Year Figures have been regrouped wherever considered necessary.

18. Figures pertaining to the subsidiary companies and joint ventures have been reclassified where necessary to bring them in line with the company's financial statements.

For **MEHRA GOEL & CO.**
Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. No.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Place: New Delhi
Dated: July 29, 2011

Sd/-
PANKAJ KUMAR
HEAD
(ACCOUNTS)

Sd/-
NITTIN JOHARI
WHOLE TIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY





BHUSHAN

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